S. HRG. 99-850, PT. 3

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 5233

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1987, AND FOR OTHER PURPOSES

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Department of Education
Federal Mediation and Conciliation Service
Federal Mine Safety and Health Review Commission
National Council on the Handicapped
National Labor Relations Board
National Mediation Board
Occupational Safety and Health Review Commission
Prospective Payment Assessment Commission
Railroad Retirement Board
U.S. Institute of Peace
U.S. National Commission on Libraries and Information Science
U.S. Soldiers' and Airmen's Home

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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

WEDNESDAY, APRIL 9, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Hatfield, Andrews, Specter, Proxmire, Chiles, Burdick, Inouye, and Harkin.

DEPARTMENT OF EDUCATION

SECRETARY OF EDUCATION

STATEMENT OF WILLIAM J. BENNETT, SECRETARY

ACCOMPANIED BY:
- **GARY L. BAUER, UNDER SECRETARY**
- **BRUCE M. CARNES, DEPUTY UNDER SECRETARY FOR PLANNING, BUDGET AND EVALUATION**
- **SALLY CHRISTENSEN, DIRECTOR, BUDGET SERVICES**

OPENING REMARKS

Senator WEICKER. This morning, we will hear testimony from William Bennett, the Secretary of the Department of Education. While this is not the first time that the Secretary has testified before the subcommittee, the administration's fiscal year 1987 budget is the first budget that Secretary Bennett has had a part in developing as Secretary of Education.

I have made no secret of the fact that I am strongly opposed to the cuts proposed in the Department of Education's budget. I am particularly outraged at a budget request which states that "the increases enacted in 1986 should not be maintained, and the Department proposes that they be rescinded." When education costs continue to rise and the number of children and adults eligible for educational services is increasing each year, I cannot understand a fiscal year 1987 budget proposal which is $3.9 billion less than what the Federal Government spent in 1985.

I look forward, Mr. Secretary, to your explanation of how this year's budget will, in the words of your budget documents, have minimal effects on education in the United States.

As with all witnesses, your statement in its entirety will be placed in the record. Please feel free to proceed in any way that you care to. You might, just for the record, also introduce your colleagues who accompany you.

INTRODUCTION OF ASSOCIATES

Secretary BENNETT. Thank you, Mr. Chairman. Let me introduce my Under Secretary, Gary Bauer, on my right; on my left, Bruce Carnes, the new Deputy Under Secretary; and Sally Christensen, Director of the Budget Service. You know Ms. Christensen.

Let me, indeed, submit my statement for the record, and if I might just take 5 minutes to outline it.

Senator WEICKER. Take as much time as you want.

1987 BUDGET PROPOSAL

Secretary BENNETT. Thank you.

You asked about justification of the budget, let me start with a general statement.

You are quite right that this is the first education budget to reflect my priorities as Secretary. It is also a budget that reflects the reality of the Gramm-Rudman-Hollings law, the budget deficit control law. We have had to make some tough choices, and some tough decisions in the preparation of this budget, but we have made them, and we feel comfortable with the presentation we have.

One of the reasons, I think, that gets little attention, but should get more, is that when one looks at education spending in the Nation overall, we see an ever increasing pot of education spending. In 1984 and 1985, it was $276 billion, $20 billion more than defense, I might note. It is a large amount of money, and the amount of money that we see has been going up, and it has been going up fairly consistently over the last 4 or 5 years.

Most of the education programs we talk about, more than one party pays the bills. So we do make note of the fact that there is a lot of increase. Costs are increasing, but so is funding in many areas outside of the Federal budget.

We requested $15.2 billion, and $1.1 billion in rescissions.

Let me mention a few things that I hope we could take note of.

TEACHER TRAINING AND IMPROVEMENT

One, under the heading of improving the quality of education, I hope you noted the Teacher Training and Improvement Act, which provides $75 million, or $32 million over the 1986 Gramm-Rudman level for antecedent programs, addressing the teacher shortage, in part, and addressing the intellectual needs of teachers, the needs of teachers to replenish themselves intellectually in their subjects and in their disciplines. I think that we are coming to a consensus in this country about the importance of mastery of subject matter for teachers.

We noted, 2 days ago, the Holmes Group, a group of deans of schools of education, came out with a recommendation saying that the education major should be abolished, and that teachers should major in the intellectual discipline. Our Teacher Training and Improvement Act addresses the same kind of concern.

CHAPTER 2

In the chapter 2 block grant, we are continuing our 1985 and 1986 presequester level of $500 million. This block grant has been successful. Research tells us that it has been successful, leaving the States to their own good sense about what will improve education.

RESEARCH AND STATISTICS

In research and statistics, we are making a significant effort to improve the data gathering and factfinding functions of the Federal Government. One of the things that I think the Federal Government can do, and even do well, is report to the American people about the condition of education.

We put out a book, a few weeks ago, called, "What Works," which we think is an earnest, if you will, first down payment on the promise that I have been talking about. I am delighted with the kind of response that we have received.

MAGNET SCHOOLS

You will note, Mr. Chairman, that for magnet schools, we are maintaining annual funding at $75 million. This is a first time request by this administration. We are convinced that this whole idea of choice is an important one to Americans. We see this in the growth of magnet schools. We think magnet schools are, overall, a national success story, and we want to signal our interest in it with that level.

FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

For the fund for the improvement of postsecondary education [FIPSE], we see a slight decrease, but we are very pleased with the applications we have received. There was some talk, you may recall, a while back about whether people would be discouraged from applying because of the discussions about the priorities. I am delighted that this has not taken place. There has been no discouragement, and we see a large number of interesting applications.

SPECIAL POPULATIONS

In terms of the break down of our budget, you will note that about $13.5 billion, by Dr. Carnes' calculations, or 90 percent of the total budget, is allocated to programs that focus on the poor, the disadvantaged, and the handicapped. That is appropriate.

Again, I talked about tough choices. This is the population that we need to focus our funds at. Given the situation with Gramm-Rudman, it calls for even more decisions, but we feel, given the current circumstances, we are responding well to these populations.

Note that in bilingual education, another issue about which we have had some debate and talked in the last year, we are maintaining that 1985 and 1986 enacted level of $143 million.

In special education and rehabilitation services, an area of special interest to you, we know, we are continuing the 1985 and 1986 postsequester overall level of $2.5 billion. There are slight reductions there, but overall we are level funded.

VOCATIONAL EDUCATION

For vocational education, we do have a decrease, a rather substantial decrease. It is a decrease phased in over 2 years, $210 million in proposed 1986 rescissions, and $195 million in 1987. There, again, we are focusing our funds on vocational programs for the disadvantaged, the handicapped, limited English proficient, and other special populations.

Recognizing that the area of vocational education is one of those areas that I talked about where other parties pay a substantial part of the bill, it is 10 to 1 in terms of State and Federal dollars. When you count Federal dollars, the Department of Labor spends about $3 billion for job training, and we know that corporations and businesses provide something like $30 to $40 billion.

STUDENT AID

Student aid, let me just take 2 or 3 minutes on that, if I might. There is a reduction here. We are requesting $6.1 billion, down $1.8 billion from the 1986 postsequestration level, before the proposed rescission of $391 million.

We recognize that under the reduction requirements of Gramm-Rudman-Hollings, that student aid now represents about one-half of our budget, so it was pretty hard to make reductions without looking at that part of the budget, and again we made some choices there. We think our proposals are fair and forward looking. We are mainly protective in these areas of the needy students, the students whose family income is at the lower level. Families at the middle-income level, particularly those families who send their children to low cost schools, will not, in some cases, be receiving funds that they have in the past, but middle-income families with children at more expensive schools still will. Dr. Carnes can give you a breakdown on that.

INCOME CONTINGENT LOAN PROPOSAL

Let me just mention, in closing—as I am sure you want to explore aspects of this program proposal—but let me just mention one idea in this new proposal which we hope you will take note of. We are interested in comment and discussion about it—it is the Income Contingent Loan Program. This is an idea that has been kicking around for some years now, and we think that it is a good one. The basic principle is this:

You want to go to college, and you are not eligible under guaranteed student loans or the Pell grant, and you, perhaps, do or do not take advantage of the PLUS Loan Program. We suggest that students look at an income contingent loan program, if it is the will of Congress and the President to put it into being.

The idea here is, you cannot afford to go to college, given currently available funds, so you borrow the money you need to go to college. If you can't pay for it now, you pay for it later, and the rate at which you pay back your loan is based on your earnings. If you get out of college, and you don't make much, you pay it back fairly slowly. If you go out and get a good job, and earn a lot of money, then you pay it back more quickly. You profit from higher education, and you pay for your own education. If you can't pay for it now, you pay for it later.

The reason that I emphasize that is that there may be aspects of the program, Mr. Chairman, that you or other Members of the committee might want to question, might think could be improved. We would ask for your comments, if you have any about it, because we think, sooner or later, a program like this is going to have to be the answer, or part of the answer, to the financing of higher education.

Many people, from all political persuasions, have suggested this type of loan program over the years. We think that it is time to take a good, close look at it.

PREPARED STATEMENT

That is all I have, Mr. Chairman, thank you.

[The statement follows:]

STATEMENT OF WILLIAM J. BENNETT

Mr. Chairman and Members of the Committee:

I am pleased to present to you our 1987 budget request for the Department of Education.

This is the first Education budget in which I have had an opportunity to set my priorities as Secretary. It is also the first budget to reflect the new reality created by the Gramm-Rudman-Hollings legislation to eliminate the deficit. This budget represents our best judgment on the allocation of available resources as well as the most effective and proper role for the Department in improving American education.

Two fundamental principles guided us in making our decisions. The first is that States and localities--not the Federal Government--bear the primary financial and decisionmaking responsibility for education in our country. Department of Education dollars represent less than seven percent of total national expenditures for education. Therefore, our proposed reductions will have a minimal impact on the Nation's education budget. The second is that an improved economy is more important to the future of education in our country than any federally funded program. In fact, as a result of economic improvements over the last several years and the emergence of educational excellence as a major national concern, States and localities have been willing and able to increase their education spending dramatically. Even after adjusting for inflation, total national spending for education is up by almost 10 percent since school year 1981-82--and we expect this trend to continue.

Our task, then, is obvious: to carry out the most important aspects of the Federal role in education. This, of course, presents difficult choices. But we have a clear and urgent responsibility to make these choices. This budget focuses our limited resources on what I believe are the highest priorities for Federal involvement in education:

- Improving the quality of education at all levels. A Nation at Risk and other subsequent reports have made clear that this is the first priority in American education, and it is certainly an area in which Federal leadership can make a difference.

- Providing educational opportunities for the poor, the disadvantaged, and the handicapped. Almost ninety percent of our 1987 budget would be devoted to serving these populations.

- Emphasizing elementary and secondary education because of the critical importance of education in the early years.

- Maintaining funding for core Federal Government functions, rather than activities of more marginal value and significance.

We are requesting $15.2 billion for 1987 to carry out these priorities. This is a reduction of $1.5 billion from our revised 1986 level of $16.7 billion.

Included in our revised 1986 budget is a net reduction of $1 billion from the postsequester 1986 appropriation of $17.7 billion. Our proposed rescissions for 1986 would result in significant savings toward the 1987 deficit reduction target, helping to avoid much larger reductions in the future. These 1986 reductions will also help set the stage for our 1987 proposals by eliminating increases over 1985 appropriations, improving the targeting of student aid and vocational education, and terminating programs of marginal significance.

This budget provides sufficient funding for our highest priorities, and includes a few major initiatives to improve the quality of education and to assure educational opportunities for the poor and the disadvantaged.

Improving the Quality of Education

Our 1987 budget contains several initiatives to improve the quality of education, both at the elementary and secondary and the postsecondary levels.

A great deal has been said and written about the coming teacher shortage, and about the need to improve the quality of the teaching profession. To this end, I have submitted legislation--the Teacher Training and Improvement Act--to broaden the Science and Mathematics program. We would fund this new authority at $75 million, an increase of $32 million over the 1986 postsequester level for the existing program. This expanded program would help school administrators and teachers in all disciplines gain additional expertise in the subjects they teach; it would provide recognition to outstanding teachers; and it would encourage qualified persons from other professions to enter teaching. I have announced a special initiative for 1986--the Christa McAuliffe Scholars Program--which will support summer seminars to strengthen the knowledge of elementary and secondary teachers in science and mathematics.

We would fund Chapter 2 block grants to States at the 1986 postsequester level of $500 million. This program is the major Federal vehicle for providing States and localities with funding to improve education services in the ways they determine would best serve their individual needs. Within the Chapter 2 Secretary's Discretionary Fund, I plan a special, but modest, initiative for gifted and talented students. We will support special studies and demonstrations to emphasize the importance of motivating and effectively teaching these children.

We are requesting $70 million for research and statistics, an increase of $13 million over the 1986 postsequester level. We believe the Federal Government has a clear responsibility--first stipulated by Congress in 1867--to provide useful and reliable information to educators and policymakers so that they can make the best possible decisions about their own schools. Increased funding would be used to support better education assessments, improve and expand our basic statistics program, and support new research on such important issues as how to improve teaching and learning and the effects of school and district practices on the quality of teachers and administrators. We intend to make sure that new research findings and improved statistical analyses are timely, understandable, and easily accessible to the American people as they continue efforts to improve their schools. I have submitted legislation to reauthorize the research and improvement activities of our Office of Educational Research and Improvement, and to reflect my recent reorganization of that Office. We also are requesting funds under Salaries and Expenses for the second year of a major survey of student aid recipients, which will provide comprehensive data on who gets how much aid at which kinds of institutions, and on the experience of student borrowers--while both in school and in repayment status. This data will enable the Congress, the Administration, and others to evaluate a variety of important policy issues. Broad support for this study has already been expressed by the higher education community.

For the first time the Administration is requesting funds for magnet schools. Researchers have found that these schools are an effective means of promoting quality education and increasing educational choices. We would continue this program in 1987 at the presequester level of $75 million.

Improving the quality of higher education is another of my highest priorities. Several national reports have criticized such trends as declining student achievement, over-specialization of curriculum, and lax entrance and graduation requirements. Through such activities as the Fund for the Improvement of Postsecondary Education, for which we are requesting $10 million, we will emphasize strengthening curricula, raising standards, and assessing institutional performance and student achievement.

Providing Educational Opportunities for the Poor and the Disadvantaged

Providing equal educational opportunities for the poor, the handicapped, the limited English proficient, and other disadvantaged children and adults is a major responsibility of the Department of Education. Of our total $15.2 billion request for 1987, almost $13.6 billion--about 90 percent of our budget--would be allocated to programs that focus on these populations.

At the elementary and secondary level, Chapter 1, our Department's largest single program, will be continued at $3.7 billion, providing compensatory education services to 5.7 million disadvantaged children. I have submitted legislation to permit parents of educationally disadvantaged children, at their own option, to receive Chapter 1 support through vouchers, so they can choose the schools best suited to their needs. Within this program, we are also proposing a reallocation of funds from the State agency migrant program to grants to local education agencies. Our legislative proposal, which focuses these resources better, will maintain current levels of program funding for the most recent migrant students--those who especially need these compensatory services.

We are proposing to maintain our bilingual education program at the 1986 presequester level of $143 million. Children who are not proficient in English should be afforded every opportunity to learn English in order to participate fully in our society. Therefore, I continue to seek the greatest flexibility possible for local districts and schools to choose the education methods most appropriate to the needs of their children. As you know, I have submitted a bill that would eliminate the currently mandated funding requirements for specific instructional methods.

In special education and rehabilitation services, we are requesting $2.5 billion to help over 4 million children and about 1 million adults realize their potential. This would support the major State grant programs and many of the special purpose activities at their 1985 levels. We will continue to pursue some initiatives which underscore our strong commitment to this special population and the programs that serve them. For instance, we will emphasize preschool incentive grants because of the importance of early intervention to the potential development of handicapped children; focus on helping handicapped students make a successful transition from school to work; and develop opportunities for persons with very severe disabilities to engage in productive work rather than day care type activities. We also are submitting reauthorization legislation for rehabilitation services t at will reflect these emphases.

We are requesting $408 million for vocational education, a reduction of 51 percent from the 1985 level. This decrease would be phased in over two years--$210 million in a proposed 1986 rescission, and a further reduction of $195 million in 1987. We would eliminate general support under Part B of the Carl D. Perkins Vocational Education Act in order to concentrate our resources on Part A programs, which serve the handicapped, disadvantaged, limited English proficient, and other special populations. These reductions will not have any significant adverse effect on vocational education programs because there is substantial funding available for vocational education from other sources. Each year State and local governments spend about $10 for every $1 of Federal vocational education funding they receive, the Department of Labor provides about $3 billion for job training, and corporations invest $30 to $40 billion in training programs for their employees.

For adult education we are requesting $104 million. This includes firsttime funding of $2 million for research, development, and evaluation. We need better information on the nature and extent of illiteracy, the best ways of reaching the illiterate population, and the potential of new approaches to adult learning. No funds for adult education discretionary activities have been appropriated in over a decade, and we believe it is time to improve services to the estimated 17 to 21 million functionally illiterate adults in this country.

In postsecondary student assistance, we are requesting a total of $6.1 billion--a reduction of $1.8 billion from the 1986 postsequester level of $7.9 billion. Student aid programs have, in recent years, been one of the fastest growing areas of the entire

Federal budget, and now represent almost half of this Department's total budget. Achieving the reductions mandated by Gramm-Rudman-Hollings required, therefore, making some tough choices in student aid. Nevertheless, we believe our student aid proposals are fair, forward-looking, fiscally responsible, and protective of needy students' ability to afford a college education.

Some $14 billion in federally generated funds will be available to 4.3 million students, or about 40 percent of college enrollment. Pell grants, funded at $3 billion, will be targeted on over 2 million students from the lowest income families. We are requesting $400 million for a proposed consolidation of the work-study and supplemental grant programs under which institutions can allocate either grants or work-study salaries according to the needs of individual students. Over 800,000 students will receive these awards. Guaranteed student loans, for which we request $2.3 billion, will generate $9.3 billion in loans to 3.9 million individuals.

My major initiative in student aid is our proposed unsubsidized income-contingent loan program to help preserve the educational choices of our neediest students at no long-term cost to the American taxpayer. Borrowing limits will be substantially increased over what is possible in the current direct loan program. Undergraduates will be able to borrow up to $4,500 per year, and graduate students up to $10,000 per year. Repayments will be eased by basing them on the borrower's annual income. We are requesting $137.6 million in new budget authority which, when added to institutions' present loan funds and Federal collections on defaulted direct loans, will yield a total of $859 million for almost 500,000 needy students. Because this proposal addresses both the rising cost of a college education and the need to reduce Federal spending, this is clearly an idea whose time has come.

Our commitment to the disadvantaged is evidenced in two other postsecondary programs. First, we will maintain developing institutions at the 1986 presequester level of $141 million in support of the President's commitment to historically black colleges and universities and other institutions which enroll substantial numbers of poor and disadvantaged students. We will continue to emphasize endowment growth so that these schools can build solid financial bases and be freed from long-term dependence on Federal program funds. Second, we will restructure our TRIO programs which help poor and disadvantaged students to enter college and to graduate. We will target these funds on direct services to students, consolidate program components to provide grantee flexibility in meeting students' needs, and encourage institutions to share in program costs.

In summary, I believe the budget we have presented to you is a sound one. It is prudent in two ways. It will help maintain the Nation's economic recovery, which has benefited American education at all levels; and it will support an appropriate Federal role in the improvement of American education. The President and the Congress have already agreed to the first of these objectives. I look forward to cooperating with the Members of this Committee as we work toward the second. Thank you.

BIOGRAPHY OF WILLIAM J. BENNETT

POSITION : Secretary of Education

BIRTHPLACE AND DATE : Brooklyn, New York, July 31, 1943

EDUCATION : Williams College, 1965, B.A.
University of Texas, 1970, Ph.D.
Harvard Law School, 1971, J.D.

EXPERIENCE :

1985 - Present : Secretary, United States Department of Education

1981-1985 : Chairman, National Endowment for the Humanities

1979-1981 : President and Director, National Humanities Center, Research Triangle Park, North Carolina; and
Adjunct Associate Professor of Philosophy, University of North Carolina, Chapel Hill, North Carolina

1977-1981 : Adjunct Associate Professor of Philosophy, North Carolina State University, Raleigh, North Carolina

1976-1979 : Executive Director, National Humanities Center, Research Triangle Park, North Carolina

1972-1976 : Assistant to the President and Assistant Professor of Philosophy, Boston University, Boston, Massachusetts

1975-1976 : Academic Administration Internship Program, American Council on Education Fellows in Academic Administration, Boston, Massachusetts

1975 (Fall) : Speaker/Instructor -- In-service Training, Boston Police Academy, Boston, Massachusetts

1974-1975 : Associate Chairman -- Bicentennial Project, National Humanities Faculty, Concord, Massachusetts

1973-1974 : Chairman -- "The Question of Authority" Project, National Humanities Faculty, Concord, Massachusetts

1973 (Spring): Visiting Assistant Professor of Philosophy, University of Wisconsin, Madison, Wisconsin

1971-1972 : Associate Dean and Assistant Professor of Philosophy, Boston University, Boston, Massachusetts

1970-1971 : Tutor -- Social Studies, Harvard University, Cambridge, Massachusetts

EXPERINECE :
(continued)

1969-1971 : Resident Advisor (Dormitory), Harvard University, Cambridge, Massachusetts

1970 (Summer): Assistant Professor of Philosophy, University of Texas, Austin, Texas

1967-1968 : Assistant Professor of Religion and Philosophy, University of Southern Mississippi, Hattiesburg, Mississippi

1966 (Summer): Instructor, Governor's School, Winston-Salem, North Carolina

HONORS AND AWARDS : Honorary Doctorate of Laws,
University of Notre Dame, 1984
Honorary Doctorate of Humane Letters,
Loyola College of Maryland, 1984
Honorary Doctorate of Humane Letters,
Elon College, 1984
Honorary Doctorate of Humanities,
University of North Carolina, 1984
Honorary Doctorate of Humane Letters,
Manhattan College, 1983
Honorary Doctorate of Laws,
Williams College, 1983
Honorary Doctorate of Humane Letters,
University of New Hampshire, 1982
Honorary Doctorate of Humanities,
Franklin College, 1982
Honorary Doctorate of Letters,
Gonzaga University, 1982

FISCAL YEAR 1987 REQUEST TO OFFICE OF MANAGEMENT AND BUDGET

Senator WEICKER. Your request for fiscal year 1987 is $15.2 billion. Incidentally, what I intend to do here today is to follow a 10-minute rule, myself included, and that way, we will keep the questioning going around for those Senators present.

Your budget request for fiscal year 1987 is $15.2 billion, a cut of $3.2 billion from the enacted level for fiscal year 1986. What was your total fiscal year 1987 budget request to OMB?

Dr. CARNES. Our original request to OMB, Senator, was $16.7 billion, and that was prior to the enactment of Gramm-Rudman-Hollings.

EFFECT OF GRAMM-RUDMAN ON 1987 BUDGET

Senator WEICKER. Just so that we might be clear on one point. Maybe you can explain to me, at this juncture of the proceedings, what Gramm-Rudman has to do with the 1987 budget at this juncture.

Dr. CARNES. Yes, sir; the Gramm-Rudman budget affects outlays in 1987. We outlay our money over 2 to 3 years in most of our programs.

Consequently, the appropriation that we had in 1986 would not all be outlaid in 1986. Indeed, the great bulk of it would be outlaid in 1987, and then the remainder of it would be outlaid in 1988.

In order for us to meet a Gramm-Rudman outlay target in 1987, we needed to begin to reduce outlays from the 1986 appropriation. Those moneys would actually be outlaid in 1987, the great bulk of them, so we needed to turn to look at the 1986 appropriation in order to begin to slow down the outlay projections for 1987. If we were not to have proposed rescissions, and those funds are outlaid, they will be outlaid in 1987 and will be far over our Gramm-Rudman target, necessitating even greater reductions, in our view, in 1987.

Senator WEICKER. You are talking about the target for fiscal year 1986?

Dr. CARNES. I am talking about the target for fiscal year 1987, but in order to meet the target for fiscal year 1987, we have to slow this barge down 1 year in advance.

Senator WEICKER. What is the target for 1987? I didn't understand that there was any target for 1987 as far as your Department was concerned.

Dr. CARNES. Our budget request is indeed the target that this Department must come in at, in order for the Government to achieve the Gramm-Rudman overall deficit reduction target of $144 billion.

Senator WEICKER. I understand what you are saying. I understand what you are saying, but I still fail to see why it is that, since there are no restrictions at all now, and we are dealing with an overall budget, all of a sudden, you impose some restrictions by virtue of Gramm-Rudman. They might be your restrictions.

Dr. CARNES. Yes, sir.

Senator WEICKER. But they are not imposed on you.

Dr. CARNES. No; they are not imposed on us, but in order to avoid deeper cuts in 1987, we proposed rescissions in 1986.

HIGHER EDUCATION LEGISLATIVE PROPOSALS

Senator WEICKER. I note that your budget request is filled with legislative proposals, particularly in the area of higher education. I am curious as to why you did not take the opportunity, when you had it, to submit the administration's higher education proposals at the time that the Labor and Human Resources Committee was reporting out the higher education bill. As you know, we are not in a position to go ahead and conduct legislative changes here in this committee.

Secretary BENNETT. We ran late on that; there is no denying that. We sent our proposals up on March 18. There were a couple of reasons for the delay.

One, it took time to think through a lot of these proposals, which are, as you know, complicated in their many aspects. We have tables that are six or eight pages comparing our legislative proposals and the current ones.

Second, as you know, we need OMB to signoff on our proposals. There has been a transition in leadership at OMB, and there was some backlog there.

Third, everybody in the administration was watching very closely this whole Gramm-Rudman debate, trying to determine what implications this would have. So while this went along, we felt we had to monitor it closely, and not come up with final proposals which would have to be changed. We were late.

Senator WEICKER. The reauthorization is for 4 years.

Secretary BENNETT. It is 5 years.

Dr. CARNES. We had virtually completed action when Gramm-Rudman was enacted, and it imposed different targets, so we had to redo virtually the entire bill.

PROPOSED BUDGET REDUCTIONS

Senator WEICKER. Mr. Secretary, your budget documents state that "For 1987, the administration proposes to finance most of the major grant programs at or near the 1986 level." That is in your budget document. Is that true in vocational education?

Secretary BENNETT. No.

Senator WEICKER. Is that true of student financial assistance, the largest account in your Department?

Secretary BENNETT. No.

Senator WEICKER. Is that true of guaranteed student loans?

Secretary BENNETT. No.

Senator WEICKER. Is that true of rehabilitation services and the handicapped programs?

Secretary BENNETT. Close, yes.

Senator WEICKER.But it is not true.

Secretary BENNETT. At or near.

Senator WEICKER. These are rather major programs, it seems to me, that would suffer cuts.

Secretary BENNETT. We can do the count, Mr. Chairman, but as you will see, if you look at the programs, it depends on how you break it down. If you look at the large programs the way I look at the Department Assistant Secretaries, chapter 1 is pretty close to level; chapter 2 is pretty close to level; Office of Special Education and Rehabilitation Services [OSERS] is pretty close to level; vocational, no; higher education, no; bilingual, yes. Most of them are close to level funding.

Senator WEICKER. In dollar terms, would you say that this is an accurate statement?

Secretary BENNETT. Yes.

Senator WEICKER. These are the biggest accounts in the overall, or almost the biggest. Education for the handicapped is down $107 million; rehabilitation services is down $136 million; vocational education is down $437 million; student financial assistance, down $1,072,000,000; guaranteed student loans is down $964 million.

Secretary BENNETT. You can't make reductions without making reductions, and we certainly haven't denied that. What we are saying, and we said for all the world to see, that we made some very conscious decisions, and when we are looking at the 1985 levels and the 1987 levels, you see very close to level funding for most of the programs at the elementary and secondary level, for OSERS and bilingual. You do see reductions of a substantial nature in vocational education and student loans.

Senator WEICKER. Special education and rehabilitation services were cut past Gramm-Rudman, weren't they?

Dr. CARNES. Yes, sir.

Senator WEICKER. Past Gramm-Rudman.

Dr. CARNES. Sent back to the 1985 level.

Senator WEICKER. Back to the 1985 level.

Secretary BENNETT. The figure that I have for OSERS, correct me if I am wrong, Mr. Chairman, I have $2.529 billion for OSERS entirely in 1987, and we had $2.55 billion in 1985.

Senator WEICKER. Senator Proxmire.

Senator PROXMIRE. Thank you, Mr. Chairman.

COMMENTS TO SECRETARY BENNETT

Mr. Secretary, you are a very conservative Secretary who also enjoys rock and roll, not only enjoys it, but understands it, knows it, is an expert on it. That shows the differences in generations. I always thought rock and roll was radical and far out.

Secretary BENNETT. It all depends on the rock and roll that you are talking about.

Senator PROXMIRE. I have never heard rock and roll that didn't make me a little ill. [Laughter.]

Secretary BENNETT. If you have an hour, one evening. [Laughter.]

Senator PROXMIRE. That would make me dead.

Secretary BENNETT. No; I think once you distinguish some of the recent rock and roll from the earlier rock and roll. The rock and roll I am an afficionado of is boy loves girl, girl is not sure, boy writes song. [Laughter.]

Senator PROXMIRE. Who writes the song?

Secretary BENNETT. The boy, sometimes the girl. But this was in the late 1950's early 1960's. A lot of the recent stuff, I wouldn't have much patience with.

Senator PROXMIRE. I appreciate that.

Secretary BENNETT. Happily, you can't understand most of the recent stuff.

Senator PROXMIRE. I can't understand any of it.

INCOME CONTINGENT LOAN PROGRAM

Mr. Secretary, the proposed Income Contingent Loan Program, as you discussed briefly before, would base repayment on a student's income at a manageable level after graduation.

Secretary BENNETT. Yes.

LOAN REPAYMENT AND COLLECTION

Senator PROXMIRE. Although education is an investment which pays dividends over one's lifetime, we continue to expect students to pay off their loans over the first few years after graduation. If we do allow repayments over a longer period, wouldn't this impose an administrative nightmare on schools that must collect the funds?

Is there any way that the Federal Government could make it easier, maybe working with the Internal Revenue Service [IRS] or something of the kind?

Secretary BENNETT. Maybe we can. I will ask Dr. Carnes to answer, but let me make some general comments.

We find, in most of the surveys we have done of students who have loans and pay them back after they graduate, you are right, the requirement right now is that they have to pay them back pretty quickly. But, most students tell us that this does not constitute a terrible burden on them. They do repay their loans, and most of our students say that they can do it reasonably comfortably.

The other thing is, we are prepared to look at alternatives, but we think that the capacity of educational institutions—colleges and universities—to do this is probably better than our capacity, the Department's, or IRS, because, for obvious reasons, colleges and universities like to track their graduates in any case. We think that this gives them a head start. We are certainly willing to consider alternatives.

Dr. CARNES. Senator, we did consider other mechanisms such as IRS as a collection vehicle, but throughout the course of our thinking on this, we concluded that actually it would probably be more administratively feasible for institutions to collect it because they would then be able to reloan those funds back out themselves.

Should an institution, however, choose not to go through the collection process, they can assign those loans to us, and we would collect.

Secretary BENNETT. The IRS—if I may make one more comment—there is a limit, I think, to how much we can ask the IRS to do. They have made that plain to us. They have cooperated with us in our requests to help us with the bad loans—in collecting from people who have not paid back their loans—by offsetting their refunds. I am not sure how much further we can impose on them.

MAGNET SCHOOLS

Senator PROXMIRE. On page 5 of your statement, you indicate that the administration's proposal to fund magnet schools for the first time is based on research showing that such schools can be an effective means of achieving educational excellence. The study to which you refer has been available to the Department since 1983, yet no funds have been requested until now. How do you account for this?

Secretary BENNETT. Gary, you may have to answer.

I would say, for myself, this is a very important issue to me. I think possibly the evidence of the success of magnet schools to the public eye hasn't been as apparent until recently.

I think that it is 21 school visits that I have had this year, and I have been in about four or five magnet schools, and I was very impressed with them. I think that all of that had to do with my own sense of priorities. But maybe Under Secretary Bauer, who has been in the Department for 4 years, can answer that.

Mr. BAUER. I think that this is a good explanation. Each Cabinet Secretary, each Department Secretary brings their own priorities to these jobs. Secretary Bell had a number of things that he tried to emphasize through his budget proposals.

It became quite clear to us at the Department that one of the things Secretary Bennett felt very strongly about was the whole idea of choice, to the extent that we can increase choice, choice for parents, and the Magnet School Program came to be a way that there was something of a consensus on in the education community, something that was working and should be funded when we could.

Senator PROXMIRE. Although Congress rejected the administration's request to eliminate support altogether for magnet schools in fiscal year 1985, why was that rescission proposed in the first place, given the 1983 research data that showed magnet schools were working?

Dr. CARNES. If I could, Mr. Secretary. One of the large reasons was that that program, as it is currently structured, allows for virtually perpetual funding of institutions that received grants. There was a concern that the Federal Government should not be the single source of funding for magnet schools.

What we are proposing to do is a revision in that program's regulations so that the money will be spread around to provide startup costs, but nothing more, for the LEA. But as it was earlier structured, it had the risk of being perpetual funding.

PROPOSED 1986 RESCISSIONS

Senator PROXMIRE. What about the 11 rescissions currently proposed in education? Are there similar studies somewhere within the Department that might contradict those requests, too?

Dr. CARNES. I believe that our rescissions are in concert with the available research, sir.

Mr. BAUER. Senator, we have not always based our rescissions, I believe, on research data. Obviously, the rescissions also have a budgetary motive that drives them. As Dr. Carnes pointed out earlier, we had an outlay problem that we were trying to address with those rescissions.

TEACHER TRAINING AND IMPROVEMENT INITIATIVE

Senator PROXMIRE. Your statement touches briefly on the coming teacher shortage, and the need to improve the quality of the teaching profession. Dr. Ernest Boyer recently remarked and I quote:

> We have to begin a program of national scholarships that would be given to the best students who would teach afterwards in the public schools. This would say to young people that we are going to invest in them because they are a national resource. We spend millions of dollars to recruit athletes now, and virtually nothing to recruit teachers for public schools. It is a scandal.

Does the proposed teacher initiative address Dr. Boyer's concerns in any way?

Secretary BENNETT. Yes; I think it does by one particular feature of the initiative which I didn't mention. It will provide funds for States that seek new and alternative ways of attracting people into the profession. That is one of the features, and I think that is a good idea. States are all exploring that.

I think, in part, I disagree with Dr. Boyer, not that I would discourage any university that decided that they wanted to have a first-class teacher corps, rather than a first-class football team. There are some universities that are doing this. Trinity University, in Texas, has set up a program, through private foundations, to give scholarships to people who are clearly interested in teaching.

The difficulty I have with that is that, as a former advisor to freshmen students, academic interest when they come in can often change over the course of 4 years, and one may want to set this thing up a little differently.

The reason I disagree in more general terms is that, and I don't know whether Dr. Boyer said this before or after the report was out about interest in teaching as a profession, but a UCLA study showed that this year some hundred thousand freshmen have declared an interest in teaching. The numbers of freshmen declaring an interest in teaching is way up this year for the first time in about 5 years. More freshmen, Senator, said that they were interested in a teaching career than a career in computers, and that is, I think, good news for teaching.

I think that the national conversation that we are having about education, all of the reports, all of the talk, is encouraging more people toward that direction.

Second, I insist that we have to take a look at certification requirements and the training of people who become teachers. I welcome the Holmes school report of 2 days ago saying that this thing has to be more broadly based than it is at present.

I think that if we make it possible for people to go into teaching, without having gone through this entire parade of courses, which most teachers, once concluded, say are not worth it, that we will attract more people to teaching.

ATTRACTING TEACHERS BACK TO TEACHING

Senator PROXMIRE. Along the same line, the president of the National Education Association suggested recently that the Department should create a clearinghouse to identify teachers who have already left the profession, but who may be ready to return. Armed with that information, States would be able to help local school districts fill vacancies with fully qualified personnel.

That is an interesting idea, although I am not sure whether the Department would be the best place to disseminate such data. Is there any room for this concept in the new proposal?

Secretary BENNETT. We will take a look at it. We have received this request, and we are looking at it. I think, in some ways, we add up to a clearinghouse, when you count all the things that we are doing, particularly in the factfinding and data gathering side of the house, in determining the size of the teaching force, and so on.

ATTRACTING OTHERS TO THE PROFESSION

One thing that we are exploring is other ways of encouraging people into the profession. We are having conversations with Secretary Weinberger about military personnel who retire early, 42-, 45-, 48-year-old people, many of whom go to work as consultants to the aircraft industry, and so on, technology and engineering firms. We think that some of those people ought to be invited into our schools to teach math and science, where we have some shortages. We will have a plan along those lines in a few months.

Senator PROXMIRE. Thank you, Mr. Chairman, my time is up, and I have two or three questions for the record.

Senator WEICKER. I hope that you will be here to ask more. We are going to keep on going 10 minutes with each Senator, and we hope that you will stay, Senator Proxmire.

Senator Andrews.

Senator ANDREWS. Thank you, Mr. Chairman.

STATE AND LOCAL SHARE OF EDUCATION SPENDING

Mr. Secretary, your budget request is based on two guiding principles. First, that States and localities should foot the bill for education, not the Federal Government; second, because of improved economic conditions, States and localities are more willing to assume a greater share of the responsibility for educational funding.

What States and localities have indicated that to the Department? I am asking this because in my own State, just the opposite is true. In fact, in North Dakota, we have an ailing farm economy. The other side of our economy, the oil industry—I don't have to tell you how bad that is. We have a high rate of unemployment, and our State coffers are sadly depleted. Where are you getting this indication that States can take over?

Secretary BENNETT. Apart from the question of should, and I would argue that States and localities should bear the major burden——

Senator ANDREWS. They do.

Secretary BENNETT. Yes; they do, and that is what I meant to say.

Senator ANDREWS. They do, but the trouble is that they can't bear an additional load. What we are doing through Federal educational funding is not taking away the strength of the States, or the control of the local school districts, but we are setting up a national equalization fund because these young people, when educated in North Dakota, move on to Ohio, Tennessee, and the children from other States come to our State.

It really is a Federal responsibility, Mr. Secretary, in a sense.

Secretary BENNETT. I recognize the situation in North Dakota, and in other States. At the same time, one has to recognize the situation in Washington. No one, I think, could say that the Federal budget situation is exactly vital either, not with the deficits we have.

Were the world different, and you had a large number of ailing States, and a healthy Federal economy, with small deficits or even a surplus, one might be inclined to look for additional funds that the Government might spend.

We have seen an increase in State expenditures over the last 3 or 4 years, a rather dramatic one. The economy in general, Senator, I think, around the country has improved, and it presents a better picture to us than does the Federal economy.

Senator ANDREWS. But you are not differentiating between one State or another, between one State's ability to pay versus another's, when you are cutting back these funds; that is the problem.

EDUCATION RESEARCH AND STATISTICS INCREASE

Going further, with your proposed budget, you are requesting a $13 million increase for education research and statistics based on the assumption that you are going to enable the Federal Government to provide timely, useful, and reliable information about education to the American people. On one end, you are doing this, but you pull out Federal dollars for education to the tune of roughly 14 percent, while you increase funding for education research and statistics by 17 percent.

Does this mean that you are going to spend your time sitting around telling us how good it is going to be, or what we really ought to be doing, but you are not willing to give the support that we all know is necessary?

Secretary BENNETT. It is two things, Senator. I think that when the Federal Government does, and it has done so sometimes and I think that it should do more in the future, when it does provide accurate and reliable information about education, it can end up saving the States a lot of money.

We have spent an awful lot of money on education in the last 20 years.

Senator ANDREWS. That is right, but might that information not give us the idea that education funding is not spending, as much as it is investment. There is a difference between investment programs and spending programs when you are talking about the Federal Government's obligations.

Secretary BENNETT. Sure, but the thing is to invest in the right programs.

Senator ANDREWS. Are you saying that education is not the right program?

Secretary BENNETT. Education——

Senator ANDREWS. What is more important than strenghtening our people?

Secretary BENNETT. That is why we spend $276 billion, because it is very important. But, if accurate and reliable information, in the hands of people who make policy for education in the States, can prevent them from spending money on the wrong things, and encourage spending money on the right things, I think that it is well worth the dollars.

Take as an example, if you will, "A Nation At Risk." I can't remember exactly what that cost, but about $500,000. I think that was a very—it didn't provide one penny of aid to any individual student or State, but I think that it is a very worthwhile investment.

Senator ANDREWS. That is right, it is a good investment. But having read "A Nation At Risk," having studied it, and listening to what the Senator from Wisconsin just had to say about the quality of teachers and how you attract competent teachers into the profession, I know without doing a statistical study, you pay them better, you know, and that has to do with dollars.

FEDERAL EDUCATION BUDGET—1986 AND 1987

In fiscal year 1986, according to my figures, we appropriated $18.4 billion for education. Gramm-Rudman reduced that to $17.7 million, and the rescissions you have requested bring the funding level down to $16.7 billion. Your request for fiscal year 1987 reduces that amount even further to $15.2 billion. My God, have you read "A Nation At Risk?"

Secretary BENNETT. Sure.

Senator ANDREWS. Here you go from $18.4 billion down to $15.2 billion in 1 year, and you say that you are concerned. You agree with me that educational programs are investment programs. Should we have this kind of a meat-axe cut in one of the most important programs we have.

EDUCATION VERSUS DEFENSE EXPENDITURES

If we don't have an educated citizenry, what good is all that Strategic Defense Initiative [SDI] stuff, and fancy military hardware, if we don't have people smart enough and trained enough to run it?

Secretary BENNETT. We need them both.

Senator ANDREWS. We do, but we are concentrating on the one to the detriment of the other.

Secretary BENNETT. If you don't have a free country, you can wipe out the educational system, too, as forner Senator Jackson used to say.

Senator ANDREWS. Absolutely, and we want that freedom to protect the free educational system.

Secretary BENNETT. We have to have them both, and that is why we spend $276 billion on education, and about $254 billion on defense. We spend a little more on education than we spend on defense. The education spending has been going up. I think that the implication of the larger conclusion is that you and I can sit and argue about whether Federal Government expenditures should be 7 percent or 8.5 percent of total spending, but the most important issue is what is going on in terms of total expenditures. This is not a case that if the Federal Government doesn't play, no one else will.

Senator WEICKER. I wonder if the Senator would yield.

Senator ANDREWS. You bet I will yield to my chairman.

Senator WEICKER. Just for 1 minute, let's get the record straight here.

I am hearing a $276 billion figure, and all of a sudden I am wondering what is going on. This is not the North Dakota, or the Connecticut, or the Hawaii Appropriations Committee. This is the Federal Government. Now would you please tell us what the Federal figure is?

Secretary BENNETT. It is $15.2 billion.

Senator WEICKER. All right.

Senator ANDREWS. Yes; $15.2 billion, and that is down from $18.4 billion.

Senator WEICKER. What did you say the defense was?

Secretary BENNETT. It is $254 billion.

Senator WEICKER. Now, that sort of puts it into an accurate perspective, doesn't it, Mr. Secretary?

Secretary BENNETT. It certainly doesn't. You have to count everything that is spent. Are Governors committed to defense?

Senator WEICKER. Mr. Secretary, you are here to testify on behalf of this administration on the Federal budget. Don't try to bring to yourself the money spent by the States and localities. Thank God, you have nothing to do with that.

I am sorry, go ahead and pick up the questioning.

Secretary BENNETT. May I respond?

Senator WEICKER. You certainly may respond.

Secretary BENNETT. The point is, you don't say, if the Federal Government doesn't pay for education, no one else will. You do say, if the Federal Government doesn't pay for defense, no one else will, because we pay for every bit of defense.

I can't sit in front of a Governor and say: What is your commitment to defense? He says: I am for a strong defense. Then why don't you pay for it. The Governor says back to me: That is not my job, it is the Federal Government's job.

When we talk about education and say: Why don't you pay for it? We are paying for some of it, but it is mainly the States and localities.

Senator WEICKER. The fact remains that the programs that the Federal Government has, the States and localities don't pay for. That is exactly why we are in that business; they are very special areas.

This questioning started off by you citing, and Senator Andrews picking you up, "A Nation At Risk." If you want to go ahead and cite that study, then I suggest that you followup what Senator Andrews is talking about, which is, let's go ahead and do something about it, and that costs money.

Senator ANDREWS. That is right.

Senator WEICKER. What I don't like is the deception, especially by the Secretary of Education in public, that for some reason or other the Federal Government is spending the same amount of money on education as it is spending on defense.

Secretary BENNETT. I never said that.

Senator WEICKER. It is a pittance compared to what we are spending on defense.

Secretary BENNETT. I don't like the deception that argues that we spend $250 billion on defense at the Federal level and we spend $15 or $18 billion on education, therefore, we are 15 times more committed to defense than we are to education as a Nation.

EDUCATION FUNDING TRENDS

Senator ANDREWS. That is not true. What we are doing is looking at trendlines, and the trendlines in defense continue to go up and up and up, and the trendline that you are establishing in this budget for education, as far as the Federal input, is going down, and it is going down sharply, by more than 20 percent.

Look at vocational education, a good example of that. You are seeking a 51-percent reduction in the Federal input to vocational education. That is ridiculous, Mr. Secretary. This is one of the most cost effective programs, again an investment program. How can you justify that kind of a cut in vocational education?

Secretary BENNETT. We have a terrible deficit problem in the Federal budget, and I think everybody knows that, and you can't respond to that deficit problem without some reductions. In terms of things going up and up, in 1965, education, as a percentage of the gross national product [GNP], was 89 percent as a percentage of defense. In 1985, it was 112 percent of defense.

Senator ANDREWS. What are you talking about?

Secretary BENNETT. We have spent money, and money, and money on education.

Senator ANDREWS. You are cutting back a lot on Federal programs on this national equalization concept that makes no sense.

Senator WEICKER. Would you give us the Federal percentage for those figures.

Dr. CARNES. We will have to supply it for the record, Senator, I don't have that with me. This is a trendline in GNP for the entire Nation.

[The information follows:]

NATIONAL EDUCATION AND DEFENSE EXPENDITURES

School year	Defense		Education[1]		Education as a percent of defense
	Dollars in Billions	Percent of GNP	Dollars in billions	Percent of GNP	
1984-85	$245.4	6.2	$244.4	6.2	99.0
			[2] (275.8)	(7.0)	(112.0)
Federal share of education			(21.3)		(.9)
1964-65	50.6	7.7	43.7	6.6	86.4
Federal share of education			(9.4)	(1.4)	(.2)

[1] National education expenditures are shown for 1984-85 and 1964-65 school years.

[2] Includes $30 billion for private sector expenditures on formal course training (excluding expenditures for on-the-job training) and $1.4 billion for Federal and State expenditures for Head Start and preschool education.

EDUCATION FUNDING TRENDS

Senator WEICKER. I want the Federal figures. You are once again deceiving the American public by saying that you are spending more as a percentage, whereas, indeed, what you are responsible for, less is being spent.

Dr. CARNES. I think that the amount of money spent for education as a percentage of GNP, that statement is a fact, and not a deception. It is true. That is how much is being spent in this country on education. This is not a falsehood.

Senator ANDREWS. That is true, but the Federal level——

Dr. CARNES. This is not a falsehood.

Senator ANDREWS. But, Dr. Carnes, this committee deals with the Federal appropriation process, at the Federal level, you are asking for a decline of better than 20 percent in the educational funding of the Federal Government. That is what we are talking about around this table. We don't have the jurisdiction over what the States are doing.

We talk about the quality of teachers, higher pay to help the quality of teachers. Let me get to one other thing.

Secretary BENNETT. Teachers' salaries have gone up 22 percent in 3 years.

Senator ANDREWS. Fine, but not through the Federal Government.

Secretary BENNETT. No; that is right.

Mr. BAUER. Nothing in our budget cuts affects teacher salaries, Senator Andrews.

Senator ANDREWS. The point is this, the overall input to education, the dollar input, affects teacher salaries.

CABINET POSITION OF EDUCATION SECRETARY

The New York Times, in an article dated last December, had a rather lengthy article about you, "Reagan's Man for Education," and I noted with some measure of interest, Mr. Chairman, that the article mentioned that you, as Secretary of Education, occupy the lowliest of Cabinet positions. Is this your definition, or his definition, or was it a reflection of the anticipated level you were going to move this budget request to?

Secretary BENNETT. No; I think that it is just by statutory definition, based on when the Department was established. I am the last, it will probably please the chairman, the last of the Cabinet officers in the succession.

Senator ANDREWS. I would hope that it doesn't mean that this is the kind of emphasis that the administration is putting on education.

COLLEGE OPPORTUNITIES FOR THE DISADVANTAGED

Finally, Mr. Chairman. In the past, Mr. Secretary, you have indicated that the Federal Government bears the responsibility to assist poor and minority students so that they may, in turn, be able to attend the more expensive private institutions of higher learning. Referring back to the New York Times articles, I am quoting, "The betterment of oneself in college is still a do-it-yourself kind of operation."

Would you elaborate as to what you mean by do-it-yourself operaion? Does this cut off the TRIO, the Head Start, the disadvantaged young people among us from getting that opportunity for a quality education that they are by native intellect ready for?

Secretary BENNETT. No; what that statement means, in terms of one's education, is that the most important person is yourself and how much you apply yourself, and how much you seek to get out of it. The recent book that we put out, "What Works," demonstrates that.

In our student aid proposal, if that is what you wish to talk about, Senator, we are making reductions because the reductions need to be made somewhere. It is about one-half of our budget, student aid, and we made our reductions particularly mindful of the students in the poorest economic circumstances.

PROPOSED CONSOLIDATION OF TRIO PROGRAMS

Senator ANDREWS. I am glad that you are particularly mindful, but your budget implies a concerted effort to emphasize, shall we say, providing educational opportunities to the poor and disadvantaged, but where does this commitment show in your budget?

I am concerned over your proposal for the TRIO programs, again quoting you, you say, "For poor and disadvantaged individuals, those programs are administratively burdensome." You go on to say, "The Federal role should be limited and eventually replaced."

Why should it be burdensome to try to give a hand up to these poor and disadvantaged individuals?

Secretary BENNETT. That is not what we meant. We meant administratively burdensome, as many of the institutions themselves have told us. That is why we are proposing program consoldation.

Senator ANDREWS. Don't you think that it is worth your while to get some of your bureaucrats off their haunches and get up and moving, and help these disadvantaged talented people among us?

Secretary BENNETT. Yes, sir; that is why we are proposing some of the consolidation.

Senator ANDREWS. In other words, that quote of yours is nonoperational?

Secretary BENNETT. Right.

Senator ANDREWS. Then why is it operational in your budget request?

Secretary BENNETT. What is that?

Senator ANDREWS. You have cut these.

Secretary BENNETT. Which programs?

Senator ANDREWS. The quote that says that the programs for poor and disadvantaged individuals are administratively burdensome.

Secretary BENNETT. They are, and that is what the institutions tell us. That doesn't mean that we shouldn't have programs that are aimed at those groups, but you can do it a better way. That is the point I want to make.

FUNDING FOR EDUCATIONALLY DISADVANTAGED

Senator ANDREWS. Can't you cut through that type of administration gobbledygook and redtape so that we can give a hand to these talented, but disadvantaged people?

Secretary BENNETT. Yes.

Senator ANDREWS. But you don't reflect that in your budget request.

Mr. BAUER. Senator Andrews, around 80 percent or more of our budget is aimed at educationally disadvantaged children. That is the purpose of the great bulk of the programs at the Department.

Senator ANDREWS. We are going to give you a hand up. Our budget resolution that came out of the Budget Committee will help. I think the people around this table will help.

Mr. Chairman, I appreciate your time and understanding.

Senator WEICKER. Thank you very much, Senator Andrews.

Senator Inouye.

Senator INOUYE. Mr. Chairman, I would be very pleased to yield my time to Senator Andrews.

Senator ANDREWS. I appreciate the support of my friend, but I am supposed to be chairing another subcommittee with our friends from Amtrak. Hawaii doesn't have much interest in Amtrak, but there are a few other things that you and I have worked together on.

Senator WEICKER. As far as I am concerned, Hawaii does all right by being part of the Interstate Highway Program. [Laughter.]

Senator ANDREWS. I have been persuaded very, very well by the Senator. But the A No. 1 program we have that we have to be interested in is an investment in the future of the country, and it is the education program that we are talking about, Mr. Secretary, and that is why I would hope we could get on track, as they would say in Amtrak, and move ahead.

Senator WEICKER. Senator Inouye.

Senator INOUYE. Thank you very much, Mr. Chairman.

GI BILL OF RIGHTS

Mr. Secretary, I also want to share the concern of this committee over the budget. I am old enough to recall that the best program, the best investment this country ever made in this century was the educational program of the World War II GI bill of rights.

I think that one program by itself did much more than any other program to uplift the quality of life, the intellectual level of this Nation, and I think that it thrust us into the 20th century. I think the time has come for something of this nature.

FEDERAL SHARE OF EDUCATION SUPPORT

I realize that the Federal Government cannot do everything. I don't know what the proper proportion should be, whether it should be 10 percent of the load, 30 percent of the load, but I think that if we are talking about the national interest, I would hope that this Department, which we consider to be very important—that is why we created this special Department, to separate it from HEW—would realize that the majority of the Members of Congress look upon education as being just as important, if not more important, than defense.

Although weapon systems do provide strength to our country, in the final analysis, the strength of this country is determined by its people. If you have a bunch of bozos, then weapons alone won't hold up this country.

I would hope that the administration would do a little more fighting with the rest of the Departments, and fight for its share. That is the one feature of Gramm-Rudman that I don't go for, where everyone has to take a cut across the board, because I think the educational priorities should be given much greater consideration than some of the other activities we have, and that we consider in this committee.

I have many other questions that I would like to submit to you, sir, and if I may, I will.

Secretary BENNETT. Certainly.

EDUCATIONAL PROBLEMS CONFRONTING HAWAII

Senator INOUYE. Just to point out one little item that we have in Hawaii.

Hawaii is a gathering place of all sorts of people. Because of its climate and its demographics, it seems like a very inviting place for refugees, for one thing. We also serve as the gathering place for all the Pacific people, and we have been called upon to bear what I consider to be a Federal role. Take the Samoans, for example, the Samoans today, if the statistics are correct, are one of the, if not the most, disadvantaged ethnic groups in the United States. The dropout picture among American Samoans is worse than any other color or ethnic group. The economic picture for Samoans is just devastating. The health pictures are horrible.

This committee asked your Department last year to look into this unique problem because it is a national problem. It is not just in Hawaii. There is a large colony on the west coast. I don't know if our State and local activities can cope with this. We are hoping that your Department will give us a hand.

In line with that, I hope that you will also realize that per capitawise, and proportionatewise, we, in Hawaii, we don't mind it, but we are carrying a bigger load of Indochinese refugees right now, and it places a special burden upon our educational system. I hope that you will give us a little bit of help.

Secretary BENNETT. I will be happy to talk about it. I have talked to many Indochinese refugees when they pass through Hawaii on their way to California. I also met with a large group in California. I will be happy to speak to you about it, Senator.

Senator INOUYE. Mr. Chairman, I would like to submit questions. Unfortunately, today, we scheduled three hearings of three subcommittees.

Senator WEICKER. Thank you very much, Senator Inouye.

Senator INOUYE. The next subcommittee I go to will be spending billions of dollars, and that is the SDI, and that money should be here.

Senator WEICKER. Thank you very much.

Senator SPECTER. Thank you, Mr. Chairman.

ADVOCACY ROLE OF EDUCATION SECRETARY

Mr. Secretary, the questioning and dialog with the previous Senators shows great concern on the part of this subcommittee about the allocation of priorities. We are very much aware of the deficit problems. Without rehashing too much of the ground that has already been covered, I have a concern about the reduction from $18.4 billion to $15.2 billion. Perhaps all of the discussion boils down to a concern as to the toughness of your advocacy within the executive branch of education.

I have a feeling, that has been expressed by others, that you may not be as tough an advocate as you could be when the priorities and the allocations are made. I don't want to pry into what your conversations are with the President, if, in fact, it reaches the President, or what your conversations are with the Director of the Office of Management and Budget.

We do read with some frequency about Secretary Weinberger fighting very hard in the executive councils, objecting to cuts, and fighting for $320 billion, and really raising all kind of hell.

In short, do you consider yourself a tough advocate who is trying to increase the share for education of this country from Federal contribution?

Secretary BENNETT. I consider myself a strong advocate for education, but not a tough advocate for increasing the Federal budget in education.

Senator SPECTER. That is the essence of our concern.

Secretary BENNETT. I know it, that is plain.

Senator SPECTER. This subcommittee and Congress have the responsibility to make allocations, and I am sure that we are going to restructure the priorities.

Secretary BENNETT. Senator, I might comment, as I said a number of times, this job might in some ways be more pleasant, I might have fewer arguments, if we lived in a time of budget surplus, but we don't. You recognize the problem, others do, who voted for Gramm-Rudman, I think. I can't see how I can be consistent and recognize that budget deficit problem as you do and others do, and then say, the next day, cut everybody else, but don't cut me.

Senator SPECTER. Mr. Secretary, I disagree with you about that fundamental, because it seems to me that the big role of the Secretary of the Department of Education ought to be advocacy. There ought to be a previous position not to take a disproportionate cut. There would be a lot more confidence, I think, in America about what the Federal Government's role is, and wants to be, if the Secretary would be an advocate, and would be pressing hard.

There is a lot of discontent in Pennsylvania, and these sessions are very useful, I think, because you can't travel to all 50 States——

Secretary BENNETT. I have been to most of them.

Senator SPECTER. How many elementary school teachers or college students have you talked to in a State like Pennsylvania?

Secretary BENNETT. Quite a few. I think I have been to Pennsylvania five times in the last year. I have talked to teachers. I haven't visited a school in Philadelphia this year, but I did previously.

Senator SPECTER. The sense I get from the educational community, and my sense nationally, is one of great discouragement and a feeling that the U.S. Department of Education and the Secretary are not very interested in promoting their efforts, or being a strong advocate to try to get them a fair share. I think that all they are looking for is fairness.

I had eight hearings through my State, that is my job, you don't have to have those hearings. I can tell you that the school administrators are dejected, the college students are demoralized, they can't figure out what they are going to do in September. A lot of the rules and regulations are not out.

I am going to submit a series of questions for the record also, looking for the regulations on the Carl Perkins Scholarship Program, looking for the regulations on title III(a) of the Vocational Education Act.

They are dispirited, and if there is a sense that there is somebody battling for them, they are prepared to take what comes; if they have that sense.

You are a very talented man, Secretary Bennett. Your answers here are superb forensically. You have great capability. I just wish that in your role, you would do two things. You would give the appearance of having fought harder for education, because the reality is that you have fought hard for education.

I think the people in the subcommittee would feel better about it if we had the sense that you were the Cap Weinberger of education.

Secretary BENNETT. OK.

TERMINATION OF PITTSBURGH COMPUTER TRAINING PROGRAM

Senator SPECTER. Let me bring a specific matter up that I don't expect you to have personal knowledge of.

Last year, a site visit by your Department resulted in the abandonment of a program that familiarized parents of disadvantaged children with computer training programs run by the Pittsburgh School District. Although the Parent Training Program occurred after school, and all additional costs were assumed by the Pittsburgh School District, your Department officials informed the district that the continuation of the after school program would necessitate prorating computer time, which required termination of the program.

I would appreciate it if you would take a look at it and see if it might be reinstated. It seems to me that this is just a real technicality. The concern I have is that it reflects an attitude, a lack of interest, and a lack of an effort to continue a useful and important program if there is some way to do it. The emphasis is on cutting, rather than finding a way to continue the program.

If you would take a look at that, I would appreciate it.

Secretary BENNETT. Yes; in fact, I will be in Pennsylvania for the sixth time, and I will be going to Pittsburgh itself, so I will take a look at it.

Senator SPECTER. When will you be in Pittsburgh?

Secretary BENNETT. In June, but we will look at it before that.

Senator SPECTER. Perhaps I could join you there. Perhaps I could bring you some of the people who represent my concerns, because I think if you had access to some of the people who talk to me, you might see the situation just a little differently. I will try to influence you on that.

SECRETARY'S DISCUSSIONS WITH EDUCATORS

Secretary BENNETT. Senator, I have to say, in general terms, I am all over this country. I have talked to a lot of people. There are people, particularly people in Washington, the Washington paid staff of national education organizations who are here, and a large part of their job is to get more money out of the Federal Government. They are not happy with my position because I am recommending smaller amounts than they want.

If a necessary condition of their affection and respect, or regard, is that I will ask for more money, continue to ask for more money despite the general budget circumstances, I will never win their affection, regard, or respect, and we can talk to each other forever about it.

Apart from such conversations—which I have, I suppose, close to daily—I have been talking to teachers, principals, and others around the country, and their concerns are not always the same, and, in fact, not usually the same as the concerns of people who are in these positions in Washington or in other cities.

If the only ground on which we can have a productive conversation—not you and I, but myself and the education community—is on the condition that I have to be arguing for ever more funds from the Federal Government, we won't have that conversation.

But I am happy to report to you hundreds of successful conversations with educators, teachers, and administrators, about the whole range of central educational issues in which I feel I have been a very vigorous proponent. I don't want to compare myself to my colleagues, but I don't think that there are many more Cabinet Secretaries who are that much more visible than I am in talking about their issues, getting around and talking to people, and coming up with, at least, arguably thoughtful propositions.

There are a lot of pieces to this job, and if the only thing I am going to be graded on is how much have I defied the President in terms of asking for more money, I will get a low grade, but that is OK with me.

Senator SPECTER. I am not suggesting that you defy the President. The issue is not visibility. I think that the issue is advocacy. I would ask you to think about that. I believe that a Secretary who takes on a Department ought to be an advocate. I don't think that there is any doubt that there are insufficient resources being devoted to education in this country in the totality. Would you disagree with that?

Secretary BENNETT. Yes.

Senator SPECTER. In that event, I have no further questions.

HANDICAPPED AND REHABILITATION PROPOSED RESCISSIONS

Senator WEICKER. Mr. Secretary, in your written statement, you claim that the Department's proposed rescissions for 1986 would result in significant savings toward the 1987 deficit reduction target.

Do you think that you will be saving money by eliminating vocational rehabilitation services for 86,000 disabled adults?

Secretary BENNETT. We would be saving some funds.

Senator WEICKER. That is good, if you think that you are going to be saving money by eliminating services for 86,000 young adults, which is exactly what you are going to have by virtue of your budget.

Secretary BENNETT. I can't recall the amount.

Senator WEICKER. You are going to save money?

Secretary BENNETT. Yes.

Senator WEICKER. You really think so.

Secretary BENNETT. I think so.

Senator WEICKER. You think that 86,000 young adults who are disabled, who are not going to get this training, you are going to save money in terms of them being able to lead a productive life, an independent life, in the out years. I would like to know how you think you are saving money.

I will link that up with, do you think that you save money by cutting back on funding for education of the handicapped for the same reason?

Secretary BENNETT. Senator, in the long run, I don't know that anybody can say for sure. I think you will agree that, given the requirements that we are under for this budget, reductions in this area are small.

LEVEL FUNDING FROM 1985

Senator WEICKER. But those are two different issues, Mr. Secretary. If you had said in your budget justification, considering budget circumstances, we are reducing these, but you specifically said that you are going to achieve significant savings. I would like to know what savings are to be achieved by cutting special education and vocational rehabilitation?

Secretary BENNETT. Bruce, can you cite the figures?

Dr. CARNES. Yes, sir.

Again, the savings that we are trying to achieve was to allocate the funds at the 1985 funding level, and eliminate the increase in 1986. This would be consistent with the level of funding that has been held steady for other areas. For the disadvantaged, Congress has held them at that level, too. For instance, for chapter 1, a major program, Congress has appropriated in the last 3 years the same level of funding, so we applied the same rationale to these who have as much of a priority for us as the educationally disadvantaged.

Senator WEICKER. The funding levels for chapter 1, et cetera, proposed by the administration in the last couple of years, have those been level funded?

Dr. CARNES. Yes.

Senator WEICKER. So you are going back to the 1985 level for everybody.

Dr. CARNES. For those in the budget with the reductions that you have observed, it is our feeling that holding funding at the 1985 level is a sign, in fact, of the priority which we give those groups. We do not think it wise, in the main, to make reductions in areas such as educationally disadvantaged or handicapped disadvantaged. We tried to hold the line there at the 1985 level.

DISCRETIONARY FUND GRANT AWARD PROCESS

Senator WEICKER. Mr. Secretary, in September of last year, you awarded 34 grants, totaling approximately $2.6 million, from within the Secretary's discretionary fund relating to the subject areas of content, character, and choice.

Am I correct that this is the first of these kinds of competitions you have held?

Secretary BENNETT. Yes, sir.

Senator WEICKER. Were the applications ranked by peer review?

Secretary BENNETT. Yes.

Senator WEICKER. You awarded a total of 34 grants. How many applications did you receive?

Secretary BENNETT. 277.

Senator WEICKER. Are we correct to assume that you funded the top 34?

Secretary BENNETT. I funded the top 34 by our judgment, our judgment combined with that of the panel. The panel did an initial vetting, and then I made the final decision.

Senator WEICKER. In other words, it is not really a peer review process.

Secretary BENNETT. Sure, there was a great degree of correspondence between what the peer review panel recommended and what I finally funded. Occasionally, we ranked something higher than they ranked, or we ranked something lower than they ranked it. In a few cases, it went in the middle, or toward the bottom half if it focused on something that we thought particularly relevant and important. This is an advisory panel, peer recommendations.

Mr. BAUER. The regulations governing discretionary grant programs, including the Secretary's discretionary fund, permit some discretion, interestingly enough, which is what we exercised when he decided what to fund.

SECRETARY'S DISCRETIONARY FUND GRANT AWARDS

Senator WEICKER. The largest award you made was to the city of Chicago for $250,000, and its rank was 227.

Dr. CARNES. We were required to do that under a desegregation court order, sir.

Senator WEICKER. That was the reason for that one.

Dr. CARNES. Yes, sir.

Senator WEICKER. A grant of $96,000 to the University of Illinois, ranked 146.

The National Catholic Education Association, $50,000, ranked 168.

Secretary BENNETT. Right.

Senator WEICKER. The National Governors Association, $150,000, ranked 205.

Maybe you would like to explain exactly what kind of a peer review process this is.

Secretary BENNETT. The individuals on the peer review panel can explain their own judgments.

Senator WEICKER. Those were your choices, not theirs.

Secretary BENNETT. Right.

Senator WEICKER. They ranked them 205, 168, and 146. What in your mind, in other words, ranked them within the top 34?

Secretary BENNETT. I think in both the National Governors Association, and the National Catholic Education Association, we took into account, or I took into account, the significance of these two groups in terms of the studies that they would do and the efforts that they would make, and the potential impact that they would have.

As an old reader of applications, Senator, from the National Endowment for the Humanities, which I did for 3½ years, sometimes you get a very good proposal, but it simply is not very well written. Not all the information you would like is there, then you dig in, look into it, and sometimes move it up.

Sometimes, you get beautifully written applications and proposals, which don't have much to them. I think that both of these proposals are important. To get the entire National Catholic Education Association group on this question of the achievement of minority and low-income children in the innercity, and what works for their education, is very important.

To give a grant to the National Governors Association, that task force, I am not sure there is a more important inquiry right now going on than the inquiries that the National Governors Association, under Governor Alexander, is conducting. So we wanted to get behind that.

Senator WEICKER. These documents further indicate that subsequent to the initial awards being made, you added three more, whose ranks were No. 85, the Institute for Liberty. What is the Institute for Liberty?

Secretary BENNETT. I will have to look.

Mr. BAUER. The Institute for Liberty and Community is an organization in the State of Vermont. The award there was in the amount of $19,000.

Senator WEICKER. What is the Institute for Liberty? I have never heard of the Institute for Liberty, would you explain it to me?

Dr. CARNES. The institute is an institute investigating the issue of choice, analyzing the impact of Vermont's longstanding public school choice option.

Secretary BENNETT. We can give you more background on the institute itself. I remember the proposal, and it was about the Vermont choice system.

Senator WEICKER. No. 94 was New York University [NYU]. What is being funded at NYU; it ranked 94.

Secretary BENNETT. There were two at NYU. One is on psychology of character education.

Senator WEICKER. Who is on that?

Secretary BENNETT. I can't remember. I can give it to you. One is on the examination of nuclear education in the United States. We had two at NYU.

Senator WEICKER. No. 50 is the National Humanities Institute. Where is that?

Secretary BENNETT. In Washington, DC. This is on the potential contribution of the work of Irving Babbitt; a scholarly study, as I recall. We can get you more information on it. It has been a while.

Senator WEICKER. Senator Burdick.

Senator BURDICK. Thank you, Mr. Chairman.

GROWTH IN STATE EDUCATION EXPENDITURES

Glancing over your papers, Secretary Bennett, I find the following on the first page of your statement:

Therefore, our proposed reductions will have a minimal impact on our Nation's education budget. The second is that an improved economy is more important to the future of education in our country than any federally funded program. In fact, as a result of economic improvements over the last several years and the emergence of educational excellence as a major national concern, States and localities have been willing and able to increase their education spending dramatically.

Mr. Bennett, I am referring to the area of this Nation that lies between the two mountain ranges, the heartland of the country. I would like to know where you get your information that they are able in that area—particularly where its base is in agriculture—to increase their educational spending dramatically. Where did you get that evidence?

Secretary BENNETT. We are not talking about this year, but we are talking about the trend in the last 5 or 10 years. I don't have it in my head which were the individual States, but I think that you will find in most States, including the States between the two mountain ranges, fairly substantial increases in education over the last 5 years.

Senator BURDICK. I don't like to take issue with you, Mr. Secretary, but I find almost the contrary to be true. You can go to any of these States, North Dakota, South Dakota, Minnesota, Nebraska, all the way through the country, and they are in no shape to increase their educational spending.

Mr. BAUER. Senator Burdick, we would be happy to submit, for the record, a list of what has happened in the States over the last several years. You can always find, in any economic situation, some States that are going to be laboring under specific problems. But on balance, over the last 4 to 6 years, spending at the State level has made major advances. Quite frankly, the record compares favorably to anything that has happened in the last 20 years in education as far as the ability of the States to raise their spending above the rate of inflation.

Senator BURDICK. I would be certainly pleased to look at your information, but I know from personal experience that the area between the Canadian border and the Gulf of Mexico, this heartland, I don't see any exceptions, there is difficulty all the way through. But I will look at your figures.

Mr. BAUER. Thank you.

Dr. CARNES. The State figures show, Senator, if you will permit me, that in the last 4 years, the increase, by States, in spending for education has been approximately 33 percent, from about $76 billion in 1981 to over $100 billion in the current year. This does not include any private contributions whatsoever.

Secretary BENNETT. That is all States. We will break it down for you for the States that you mentioned.

Senator BURDICK. I am concerned with 1986, and it is not good.

Secretary BENNETT. Yes, sir.

Senator BURDICK. Thank you, Mr. Chairman.

[The information follows:]

Revenue and Nonrevenue Receipts of Public Elementary and Secondary Schools, by source and by selected States: 1979-1981 and 1982-1984. (in millions of dollars)

STATE	TOTAL REVENUE AND NON-REVENUE RECEIPTS	REVENUE RECEIPTS				NON-REVENUE RECEIPTS
		Total Revenue Receipts	Federal Percent of Total	State Percent of Total	Local and Other 1/ Percent of Total	
ARKANSAS						
1983-84..	2/	$901	11.6%	53.4%	35.0%	2/
1982-83..	2/	809	13.4	49.7	36.9	2/
1980-81..	$807	758	16.6	48.5	34.9	$49.6
1979-80..	738	693	16.6	48.8	34.6	45.0
COLORADO						
1983-84..	2/	2,065	5.0	38.2	56.8	2/
1982-83..	2/	1,909	5.0	40.1	54.9	2/
1980-81..	1,762	1,646	5.9	38.7	55.3	115.9
1979-80..	1,604	1,498	6.5	40.6	52.9	105.4
ILLINOIS						
1983-84..	2/	5,278	4.9	35.8	59.4	2/
1982-83..	2/	5,037	4.9	35.2	59.9	2/
1980-81..	5,674	5,567	7.1	38.5	54.4	107.3
1979-80..	4,771	4,614	8.3	38.1	53.6	157.1
IOWA						
1983-84..	2/	1,588	5.0	42.8	52.2	2/
1982-83..	2/	1,537	5.1	42.1	52.9	2/
1980-81..	1,436	1,436	6.1	39.1	54.9	---
1979-80..	1,326	1,304	6.4	39.0	54.6	22.1
KANSAS						
1983-84..	2/	1,387	5.0	43.5	51.5	2/
1982-83..	2/	1,305	5.2	43.5	51.2	2/
1980-81..	1,160	1,131	6.2	43.6	50.2	28.2
1979-80..	1,083	1,043	6.9	42.6	50.5	39.3
LOUISIANA						
1983-84..	2/	2,218	9.8	53.3	36.8	2/
1982-83..	2/	2,124	9.5	54.8	35.7	2/
1980-81..	1,929	1,830	12.7	53.1	34.3	99.9
1979-80..	1,581	1,525	14.6	54.8	30.6	56.8
MINNESOTA						
1983-84..	2/	2,542	4.6	54.8	40.6	2/
1982-83..	2/	2,329	4.8	45.2	50.0	2/
1980-81..	2,394	2,334	5.7	56.6	37.7	59.1
1979-80..	2,238	2,113	5.9	57.3	36.8	125.5

Revenue and Nonrevenue Receipts of Public Elementary and Secondary Schools, by source and by selected States: 1979-1981 and 1982-1984.
(in millions of dollars)
(continued)

STATE	TOTAL REVENUE AND NON-REVENUE RECEIPTS	REVENUE RECEIPTS				NON-REVENUE RECEIPTS
		Total Revenue Receipts	Federal Percent of Total	State Percent of Total	Local and Other 1/ Percent of Total	
MISSOURI						
1983-84..	2/	$2,183	7.1%	38.1%	54.8%	2/
1982-83..	2/	1,998	7.6	39.5	52.9	2/
1980-81..	$1,870	1,825	9.6	40.9	49.5	$44.7
1979-80..	1,832	1,771	10.6	36.4	53.0	60.8
MONTANA						
1983-84..	2/	578	6.5	51.5	42.0	2/
1982-83..	2/	536	7.8	48.8	43.3	2/
1980-81..	447	442	9.8	44.6	45.6	5.0
1979-80..	413	401	9.4	48.1	42.6	12.5
NEBRASKA						
1983-84..	2/	855	6.5	26.2	67.3	2/
1982-83..	2/	808	6.2	27.1	66.6	2/
1980-81..	717	670	8.7	23.2	68.1	46.6
1979-80..	681	647	7.6	16.7	75.7	33.7
NEW MEXICO						
1983-84..	2/	844	11.6	75.5	12.9	2/
1982-83..	2/	834	12.4	74.8	12.8	2/
1980-81..	688	670	15.0	65.4	19.7	18.1
1979-80..	660	621	16.6	63.6	19.9	39.0
NORTH DAKOTA						
1983-84..	2/	390	8.3	53.5	38.2	2/
1982-83..	2/	381	8.9	52.9	38.2	2/
1980-81..	304	303	11.0	44.3	44.7	.7
1979-80..	277	270	11.2	44.1	44.7	6.4
OKLAHOMA						
1983-84..	2/	1,829	8.4	64.9	26.7	2/
1982-83..	2/	1,818	8.7	66.4	24.8	2/
1980-81..	2,151	1,422	13.6	56.6	29.8	729.0
1979-80..	1,320	1,246	14.1	55.7	30.3	74.0
SOUTH DAKOTA						
1983-84..	2/	347	10.9	27.4	61.7	2/
1982-83..	2/	337	11.5	27.4	61.1	2/
1980-81..	306	305	13.0	27.7	59.3	1.0
1979-80..	281	274	15.4	23.0	61.5	6.5

Revenue and Nonrevenue Receipts of Public Elementary and Secondary Schools, by source and by selected States: 1979-1981 and 1982-1984.
(in millions of dollars)
(continued)

STATE	TOTAL REVENUE AND NON-REVENUE RECEIPTS	REVENUE RECEIPTS				NON-REVENUE RECEIPTS
		Total Revenue Receipts	Federal Percent of Total	State Percent of Total	Local and Other 1/ Percent of Total	
TEXAS						
1983-84..	2/	$9,258	8.2%	45.3%	46.5%	2/
1982-83..	2/	8,259	9.6	50.0	40.4	2/
1980-81..	$7,146	6,704	11.1	48.4	40.5	$442.0
1979-80..	6,482	5,862	11.6	49.1	39.3	619.7
WISCONSIN						
1983-84..	2/	2,566	4.2	40.5	55.3	2/
1982-83..	2/	2,505	4.5	39.7	55.8	2/
1980-81..	2,265	2,226	5.5	33.2	61.3	39.1
1979-80..	2,355	2,109	5.6	37.3	57.0	245.2
WYOMING						
1983-84..	2/	598	2.6	37.8	59.6	2/
1982-83..	2/	567	3.1	28.8	68.1	2/
1980-81..	353	351	5.5	33.2	61.3	1.7
1979-80..	287	265	5.6	34.2	60.2	22.4

1/ Includes revenue receipts from local and intermediate sources, gifts, and tuition and fees from patrons.

2/ Nonrevenue data not available for years 1982-1984.

NOTE: Most recent school year revenue data available from NCES is 1983-84. Comparable revenue data not available for school year 1981-82. Dollar amounts exclude revenue receipts for State and intermediate education agencies. Because of rounding, details may not add to totals.

SOURCE: U.S. Department of Education, National Center for Education Statistics, "Common Core of Data" survey (preliminary data).

IMPROVED ECONOMY AND EDUCATION SPENDING

Senator WEICKER. Senator Harkin.

Senator HARKIN. Thank you, Mr. Chairman.

Secretary Bennett, first I want to make one comment before I go to my questions.

On the first page of your statement, you state, "An improved economy is more important to the future of education in our country than any federally funded program." May I modestly suggest that you may have the cart before the horse. The most important thing for an improved economy is better funded education. It is not the other way around.

If you have better education, you have a much better economy, and that will lead to an improved society.

Secretary BENNETT. I can sure tell you that an improved economy helps education a great deal, there is just no doubt about that. So we may want both cart and horse, but we sure want an improved economy.

Senator HARKIN. I submit to you, you may have a short-term improved economy based upon certain short-term idiosyncrasies in a world economy, such as falling oil prices, but in terms of long-term goals, in our country, an improved economy has to be based on sound education.

Secretary BENNETT. Sure. I agree with that. Never have so many Americans been educated as right now, never were so many in higher education, and so on. There was no golden age from which we have fallen. You cited the end of World War II with the GI bill, and so on. That was a great thing to do for our veterans, but the numbers of people in higher education at that time were a fraction of what they are now. Fifty percent of high school graduates go into higher education now. The number of people graduated from high schools, even though we have a dropout problem, is tremendously higher than it was. We are investing.

FEDERAL INVESTMENT IN EDUCATION

Senator HARKIN. How are we doing on the Federal level, are we investing more?

Secretary BENNETT. We are reducing because of the terrible budget deficit problems.

Senator HARKIN. So you are saying that the States and localities have to invest more. I am picking up from where Senator Burdick left off.

Secretary BENNETT. The States and localities have been investing more, but there are other players here, too. It all depends which piece of it we are talking about, if we are talking about higher education or elementary education.

EDUCATION PROBLEMS CONFRONTING IOWA

Senator HARKIN. Mr. Secretary, what would you suggest for the State of Iowa, where we are probably in the biggest economic depression we have ever had, even including the 1930's? We have good educational facilities in the State of Iowa, some of the best in the country. We have always ranked very high. We have always been the No. 1 State in the Nation in terms of literacy. We are one of the highest in the Nation in terms of high school graduates that go on to college.

Taxpayers in Iowa have funded our higher educational system, and they have funded it very well. But now we are seeing our children going to school at Iowa State, or the University of Iowa, UNI, or one of the many private schools that we have in Iowa, but since there is no economy in Iowa, they leave the State after graduation. They are gone. They go to Brooklyn, or they go to Washington, DC, to Atlanta, to Fort Worth, or Los Angeles.

My own nephew just graduated from Iowa State, one of the top in his class in computer engineering. Where did he go? San Diego. There are no jobs in Iowa for him.

The taxpayers of Iowa have funded this on the local level, as you just said. They increased their spending for education, but they are getting nothing back because the students they educate leave the State because of its poor economy.

EDUCATION—A NATIONAL ISSUE

What I am asking you is this: Do we have a Federal system in this country? Do we have a national system of education, or do we tell the people in Iowa, go ahead and educate those kids? They leave the State, but you have to keep spending more and more of your tax dollars to educate those kids even though you are not receiving any return because they are leaving after graduation.

Is there a national basis for education, or are you looking upon it just as a State problem?

Secretary BENNETT. Education is a national issue.

Frankly, Senator, I just don't know what to say, or what you expect me to say about the fact that some students graduate from Iowa universities and then go to San Diego. I don't know what I can do about that.

Senator HARKIN. You said that the Federal role was diminishing because of budget constraints.

Secretary BENNETT. Sure, but even if the Federal role increased, I don't see that that would have much effect on the students staying in Iowa rather than going to San Diego.

Senator HARKIN. No; I am saying that it would help the taxpayers of Iowa in terms of their being burdened, it would be less. We might have people from all over the United States, in fact, we may even have people from San Diego contributing to the education of students at the University of Iowa, you see?

Secretary BENNETT. The taxpayers are, of course, now, but your taxpayers will be paying for those increases if we argue for increases.

Senator HARKIN. But at least it would be on a national basis, and not just stuck on the people in Iowa, or North Dakota, or some other depressed place. That is why I ask you, is there a philosophical problem here that we have, if you look upon education as a State and local matter only, because some of us see it on a national context?

Secretary BENNETT. It is not a matter of philosophical perspective, it is a matter of fact. Everybody whom I have talked to in the education world—I would say that 95 percent of the people, and let's take the education world to be the education establishment—believes that education should be overwhelmingly a State and local responsibility. They, then, argue with us at the margins, as we might disagree, whether the Federal Government should be 7 percent of the total money, or 8.5 percent. I have never heard anybody say that the Federal Government should be 50 percent or 40 percent or 30 percent. I don't think that anybody wants to put that much power in the hands of the Federal Government, or me, for that matter.

Senator HARKIN. It had been proposed for one-third and one-third in the past, but you are right, it hasn't gotten too far.

FEDERAL EDUCATION SPENDING IN THE 1950's

What was the percentage of the total Federal involvement in the 1950's, was it more than 7 percent or less?

Dr. CARNES. I don't have a figure for the percentage of involvement of the Federal Government in the 1950's.

Senator HARKIN. You said, 7 percent.

Dr. CARNES. It had to have been much less because most of the major programs that the Department administers were not even created until the mid-1960's.

Senator HARKIN. Do we know what the total was?

Dr. CARNES. We can certainly get it, but it had to be much, much smaller than it currently is.

Senator HARKIN. As a percentage of the total?

Dr. CARNES. As a percentage of the total, it has to be.

Mr. BAUER. The percentage in the last couple of years has trended down, but not because we were successful in getting any cuts through the Congress, but because many of the things that the Department has done, whether it is "A Nation at Risk," or reports like "What Works," have resulted in major increases at the State level. When our total remains constant, the percentage tends to trend down.

FEDERAL SPENDING FROM 1965 TO PRESENT

Senator HARKIN. What happened to the percentage after the passage of the Elementary and Secondary Education Act in 1965, and subsequently? What happened to the percentage of spending at that time?

Dr. CARNES. As a matter of fact, the numbers show that the level of Federal spending in education has been, when adjusted for inflation, almost straight line over the history of these programs. The increases in spending that have occurred in education have come from either private sector corporations or individuals, or State and local governments.

The Federal Government's role was almost invisible until the mid-1960's, then it blipped up and has stayed just about the same, with only minor fluctuations.

Senator HARKIN. So it hasn't been reduced in the last 4 or 5 years.

Dr. CARNES. It has been reduced, both in absolute dollars and in the percentage, but the amount is almost undetectable in terms of overall levels of spending as a percentage.

Senator HARKIN. I think that it is detectable. I have seen a change in the last 4 or 5 years. I would challenge your figures. I think the percentage trended up, probably leveled off in about the mid-1970's until 1981, and it has come down quite a bit since then in terms of the equitable role.

Secretary BENNETT. We will give you some numbers.

Senator HARKIN. I would like to see those.

[The information follows:]

REVENUE RECEIPTS OF PUBLIC ELEMENTARY AND SECONDARY SCHOOLS FROM FEDERAL, STATE, AND LOCAL SOURCES: 1949–50 TO 1980–81

[Amounts in thousands of dollars]

School year	Total	Federal	State	Local (including intermediate)[1]	Percentage distribution			
					Total	Federal	State	Local (including intermediate)[1]
1949–50	$5,437,044	$155,848	$2,165,689	$3,115,507	100	2.9	39.8	57.3
1951–52	6,423,816	227,711	2,478,596	3,717,507	100	3.5	38.6	57.8
1953–54	7,866,852	355,237	2,944,103	4,567,512	100	4.5	37.4	58.1
1955–56	9,686,677	441,442	3,828,886	5,416,350	100	4.6	39.5	55.9
1957–58	12,181,513	486,484	4,800,368	6,894,661	100	4.0	39.4	56.6
1959–60	14,746,618	651,639	5,768,047	8,326,932	100	4.4	39.1	56.5
1961–62	17,527,707	760,975	6,789,190	9,977,542	100	4.3	38.7	56.9
1963–64	20,544,182	896,956	8,078,014	11,569,213	100	4.4	39.3	56.3
1965–66	25,356,858	1,996,954	9,920,219	13,439,686	100	7.9	39.1	53.0
1967–68	31,903,064	2,806,469	12,275,536	16,821,063	100	8.8	38.5	52.7
1969–70	40,266,923	3,219,557	16,062,776	20,984,589	100	8.0	39.9	52.1
1971–72	50,003,645	4,467,969	19,133,256	26,402,420	100	8.9	38.3	52.8
1973–74	58,230,892	4,930,351	24,113,409	29,187,132	100	8.5	41.4	50.1
1975–76	71,206,073	6,318,345	31,776,101	33,111,627	100	8.9	44.6	46.5
1977–78	81,443,160	7,694,194	35,013,266	38,735,700	100	9.4	43.0	47.6
1979–80	96,881,165	9,503,537	45,348,814	42,028,813	100	9.8	46.8	43.4
1980–81[2]	105,904,908	9,888,007	50,207,192	45,809,709	100	9.3	47.4	43.3

[1] Includes a relatively small amount from nongovernmental sources (gifts and tuition and transportation fees from patrons). These sources accounted for 0.4 percent of total revenue receipts in 1967–68.

[2] Preliminary data.

NOTE.—Beginning in 1959–60, includes Alaska and Hawaii. Because of rounding, details may not add to totals.

SOURCES: U.S. Department of Education, National Center for Education Statistics, *Statistics of State School Systems; Revenues and Expenditures for Public Elementary and Secondary Education;* and unpublished data.

ESTIMATED DIRECT EXPENDITURES FOR EDUCATION IN THE UNITED STATES

DISTRIBUTION BY SOURCE OF FUNDS—FEDERAL/STATE/LOCAL SPENDING

The following table shows education spending in the United States by source of funds, as reported by institutions. The contributions by the Federal, State, and local governments, as well as other sources, are shown by dollar level and as a percentage of the total expenditures.

The table shows the steady growth in total education expenditures from 1970 through 1986.

At the same time that education spending nationally has been increasing, the Federal share as a percentage of these expenditures has been steadily decreasing. There was an increase in the Federal percentage in 1980, but it has decreased since then from 10.9 percent of the total to 8.7 percent in 1986. The non-Federal percentage share of education spending has increased reciprocally, from a combined share of 89.1 percent in 1980 to 91.3 percent in 1986. While the local and "Other" sources have varied with increases or decreases from one year to the next, the States show a steadier trend of increasing their percentage share of the total national expenditures.

GROWTH IN EDUCATION EXPENDITURES

[Dollars in billions]

	Federal		State		Local		Other[1]		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1970	7.5	10.7	22.2	31.5	22.6	32.1	18.1	25.7	70.4	100
1976	12.8	10.5	44.4	36.5	34.6	28.5	29.8	24.5	121.6	100
1978	14.6	10.4	51.1	36.4	39.1	27.8	35.6	25.4	140.4	100
1980	18.6	10.9	64.9	37.9	43.2	25.2	44.3	25.9	171.1	100
1981	19.6	10.5	70.7	37.9	46.1	24.7	50.1	26.9	186.5	100
1982	20.0	10.0	76.3	38.2	50.7	25.4	52.8	26.4	199.8	100
1983	18.7	8.8	81.5	38.6	54.9	26.0	56.3	26.6	211.4	100
1984	19.7	8.6	87.5	38.3	59.6	26.1	61.8	27.0	228.6	100
1985	21.3	8.7	94.2	38.5	63.1	25.8	65.8	26.9	244.4	100
1986	22.6	8.7	100.8	38.7	67.3	25.9	69.5	26.7	260.2	100

[1] "All other" includes a variety of private sources such as tuition and fees, gifts, grants, and endowment earnings.

SOURCE: National Center for Education Statistics, January 1985.

GROWTH IN EXPENDITURES—BY SOURCE AND LEVEL OF EDUCATION

The following table shows the detail by level of educational institution for the last 4 years shown on the growth in education expenditures table.

ESTIMATED EXPENDITURES[1] OF EDUCATIONAL INSTITUTIONS, BY SOURCE OF FUNDS: UNITED STATES, 1982–83 TO 1985–86

[Dollars in billions]

Source of funds by level of institution	1982–83		1983–84		1984–85[2]		1985–86[2]	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
All levels:								
Federal	$18.7	8.8	$19.7	8.6	$21.3	8.7	$22.6	8.7
State	81.5	38.6	87.5	38.3	94.2	38.5	100.8	38.7
Local	54.9	26.0	59.6	26.1	63.1	25.8	67.3	25.9
All other	56.3	26.6	61.8	27.0	65.8	26.9	69.5	26.7
Total public and private	211.4	100.0	228.6	100.0	244.4	100.0	260.2	100.0
Elementary and secondary:								
Federal	8.4	6.5	8.7	6.2	9.4	6.3	9.9	6.2
State	56.8	44.2	61.2	44.0	65.7	44.1	70.5	44.3
Local	52.8	41.0	57.2	41.2	61.0	41.0	65.1	40.9
All other	10.7	8.3	11.9	8.5	12.8	8.6	13.7	8.6
Total public and private	128.7	100.0	139.0	100.0	148.9	100.0	159.3	100.0
Institutions of higher education:								
Federal	10.3	12.4	11.0	12.3	11.9	12.4	12.7	12.6
State	24.7	29.8	26.3	29.4	28.5	29.9	30.3	30.0
Local	2.1	2.5	2.3	2.5	2.1	2.2	2.2	2.2
All other	45.6	55.2	49.9	55.7	53.0	55.5	55.7	55.2
Total public and private	82.6	100.0	89.6	100.0	95.5	100.0	100.9	100.0

[1] Date revised from previously published figures.

[2] Projected.

NOTE.—Federally supported student aid that goes to higher education institutions through students' tuition payments is shown under "All other" rather than "Federal." Such payments would add substantial amounts and several percentage points to the Federal share. For example, approximately $6.8 billion was spent on financial aid through students in 1983–84, which amounts to about 3 percent of total education expenditures for that year. Other Federal programs not included in this table because they do not support regular educational institutions would increase the Federal share even further. Typical examples of these payments would be Federal support for libraries and museums. Additionally, the Federal contribution to education through tax expenditures is not reflected in this table. Because of rounding, details may not add to totals.

EDUCATION EXPENDITURE PATTERNS

Senator HARKIN. I would just add one other thing. You say that we have more high school graduates today, and we are in better shape than we have ever been. I would submit that those people who are in that timeframe right now started their educational process when we had passed landmark legislation for elementary and secondary education, title I, and all of these other things, library services, everything that we have done in 1965 and the early 1970's, under both Democratic and Republican administrations, I might add.

That, I think, was our golden age. I think what we are seeing is fruition of that now. I think that we are going to see the fruits of what we are doing now, in terms of the cutbacks, not next year or the year after, but 10, 12 or 15 years from now.

Mr. BAUER. Senator, we are not spending less as a Nation on education. Are you suggesting that because the Federal dollars have stabilized that children are going to come out of our schools a few years from now less educated because the dollars spent by Iowa are somehow less effective than the dollars spent by Washington?

Senator HARKIN. No; what I am saying is that the money being spent on the State and local level will not be spent as the Federal money is spent—geared toward the handicapped, the disadvantaged, the new immigrants. To the extent that it is being done by the Federal Government, I submit to you that it will not happen. We have seen that time after time whether it is in education, health, welfare, social services, anything like that.

IOWA'S RECORD OF EDUCATIONAL SUPPORT

Mr. BAUER. I am sure that you are not talking about your own State, because Iowa has a fantastic record and so do many other States around the country in meeting their local responsibilities.

Senator HARKIN. During the 1970's, when we were riding high.

Secretary BENNETT. You still do, Iowa first. I am surprised that you don't give Iowa more credit. They have done a phenomenal job.

Senator HARKIN. They have done a phenomenal job, but I am telling you that they can't now.

Secretary BENNETT. They have committed resources, and there are achievements. Their spending levels are not as high as a lot of States, but their achievements are terrific, so they know what they are doing in Iowa. It has more to do with that—they know what they are doing.

Senator HARKIN. I suppose you can keep squeezing, and I don't know at what point Iowa will break on this. We have a firm commitment to education in Iowa, and we always have had.

GROWTH IN EDUCATION BUDGET

Mr. BAUER. Senator, our budget has gone from $14 billion to $18 billion in the time that the President has been in office. We have proposed many cuts, but you gentlemen have not seen fit to put them in, so we haven't squeezed at all.

Senator HARKIN. I disagree with that.

Senator WEICKER. Would you repeat that sentence?

Mr. BAUER. The President's budget for education, when he took office, was $14 billion. The budget last year was over $18 billion.

Senator WEICKER. Would you repeat the statement you have just made?

Mr. BAUER. We haven't squeezed at all.

Senator WEICKER. You haven't sought to squeeze? You have suggested cuts which we refused to enact.

Mr. BAUER. That is right.

Senator WEICKER. Therefore, you haven't squeezed. I suggest that you have tried to squeeze.

Mr. BAUER. But our trying to squeeze can hardly have an impact unless the squeeze is put into effect.

GUARANTEED STUDENT LOANS SPECIAL ALLOWANCE PROPOSED REDUCTION

Senator HARKIN. Your budget proposals include several recommendations to cut the costs of the Guaranteed Student Loan [GSL] Program, including a reduction in special allowance—was that raised here today?

Secretary BENNETT. No, Senator.

Senator HARKIN. I will have to come back. I want to talk about the special allowance.

SECRETARY'S DISCRETIONARY FUND—VITZ AWARD

Senator WEICKER. Am I correct in assuming that one of these grants that goes to New York University is for a Professor Paul Vitz; is that correct?

Secretary BENNETT. I don't know.

Senator WEICKER. That is the information I have.

Secretary BENNETT. It may well be.

Senator WEICKER. Mr. Paul Vitz, New York University psychology professor, was awarded a $23,957 grant to conduct a study on the psychology of character education. Does that figure gibe with what you have there?

Secretary BENNETT. Yes, it does; but I don't have Vitz on the sheet.

VITZ STUDY ON RELIGION AND VALUES IN TEXTBOOKS

Senator WEICKER. Is that the same Vitz, assuming that my information is correct, and I believe it is, that on a previous grant published "Religion and Traditional Values in Public School Textbooks?" Is that the same person?

Mr. BAUER. Yes.

Senator WEICKER. Have you read this?

Secretary BENNETT. Which?

Senator WEICKER. The previous Vitz work.

Secretary BENNETT. I read a summary of it. Did I give that original grant to Vitz?

Mr. BAUER. No.

Senator WEICKER. No; you didn't give the original grant. I am just saying that you gave Mr. Vitz another grant so, certainly, you must be familiar with his work.

Secretary BENNETT. I read a summary of that work.

Senator WEICKER. What do you think of it?

Secretary BENNETT. It is pretty good. In part, I thought some of it was good. The executive summary was about 12 or 15 pages.

EXCERPTS FROM VITZ STUDY ON TEXTBOOKS

Senator WEICKER. The general purpose of this first series of studies was to observe how religion and religious values, family and family values are represented in the social study textbooks used in the Nation's public schools. How about a few of these quotes:

> There are various ways to document the substantial liberal bias of these selections. Examples of people never selected are: Robert A. Taft, Barry Goldwater, William Buckley, Jesse Helms, Jack Kemp; no neoconservatives, for example, Irving Kristol; not one of the youthful breed of business entrepreneurs behind today's high tech business. Silicon Valley, for example, was never featured. Indeed, not a businessman active since World War II was selected as a role model. Such conservative women as Nellie Gray, Phyllis Schlafy, and Jeane Kirkpartrick were never represented. Of course, Billy Graham and Jerry Fallwell were omitted. The actual role models found in these books are summarized in table 7. It is even hard to find any Republican role models, the exception being Millicent Fenwick, a liberal, proabortion, and pro-ERA Congressman, Nancy Kassebaum, a moderate Republican, selected, of course, primarily because she is a woman.

Early on here, we have the failure to mention the Protestant movement. This is the biggest pile of crap I have ever seen, and you are going to give this man another grant. [Laughter.]

Here we go on:

> In any case, today's powerful Protestant religion's religious world of Biblebelt, of TV evangelists who warn against Christian fundamentals, the Evangelicals, the Moral Majority of Billy Graham, Oral Roberts, Jerry Fallwell, or even Norman Vincent Peale, this blurry American, representing millions of Americans, is without one reference, in word or image, in this sample of 40 books. Even the main line Protestantism was not acknowledged.

Then it says, "It is interesting that when, on occasion, religion is referred to, then Jewish, or Catholic, or sometimes Amish or Mormon, images get a disproportionate emphasis," et cetera.

What are we doing going ahead and funding this kind of business here?

Secretary BENNETT. I didn't give the grant on that one. I gave the grant on the second one.

Senator WEICKER. I understand that, but you gave the same man another grant.

Secretary BENNETT. You mean that you don't like his views, so we shouldn't give him a grant?

Senator WEICKER. It is not a question of his views. I would like to know what this has to do with education.

Secretary BENNETT. It has a great deal to do with education.

TEXTBOOK REVIEW

Senator WEICKER. I mean, how deep are we going to get in this business of textbooks. You are an expert on this——

Secretary BENNETT. Can I answer the first one?

Senator WEICKER. Wait a minute.

In the area of curriculum and textbooks, both you and Under Secretary Bauer seem to be spending a great deal of time discussing the content of textbooks in our Nation's school.

Mr. Bauer, indeed, indicates that he has personally reviewed and evaluated a number of history textbooks. He charges that U.S. textbooks are filled with misinformation and are seriously misleading about Communism.

I would like to get your views, both on this matter of Mr. Vitz's and Mr. Bauer's activities, as to why the Secretary of Education is getting into the matter of textbooks, especially in the types of situations that I have discussed.

Secretary BENNETT. Generally, if there is a problem with textbooks, if there is a problem of bias in textbooks, or of omission, either intentional or otherwise, then that is a serious problem because millions of students read textbooks and depend upon textbooks.

VITZ AWARD

As far as Vitz's qualifications generally, you would have to talk to John Brademas, who is his employer.

Senator WEICKER. I am talking to you. You made the grant.

Secretary BENNETT. I know. We will bring in the proposal and show you the proposal, and then we can talk about it.

That thing from which you are reading, which I think is the full report, of which I read the executive summary, was reprinted in part in the Wall Street Journal, and got, I understand, a great deal of attention. So you may wish to characterize Vitz any way you would like, but there is a large number of Americans who, obviously, think his views are well worth noting.

TEXTBOOK CONTENT

Back to textbooks, if there is bias or omissions in them, and if they are not talking in ways that accord with history about the presence and role of religion in American life, they sure as heck should, because religion is a very important part of American life, and I am sure you will agree.

Senator WEICKER. Mr. Bauer.

Mr. BAUER. Yes, Mr. Chairman; I guess I am somewhat surprised that you would find it unusual that Federal education officials would be interested in the quality of the textbooks our children are learning from. Secretary Bell made a major initiative when he was in office on the dumbing down issue, on the issue of textbooks being repeatedly made more and more simple in order not to overwhelm the supposedly lessened abilities of American school children. I think that this was a legitimate thing for him to bring up.

Secretary Bennett and myself have taken a look a couple of times at the way several books used in American schools talk about very important issues, and let me give you an example, if I could. One major textbook used in American schools has a section on Soviet women, and it says the following, and I am paraphrasing, but it is almost an exact quote: Women in the Soviet Union have equal rights with Soviet men. They may marry or vote at the age of 18. They get equal pay for equal work. That is the only thing that that textbook tells our children about the Soviet system.

I would suggest that we could double our budget at the Department of Education, and if that is what we are going to teach our children about the Soviet Union, we are misleading them, and Federal officials would be remiss not to bring it up.

Senator WEICKER. Under what authority are you and Under Secretary Bauer specifically authorized to exercise direction over the content of textbooks?

Secretary BENNETT. We are not directing any control over the content of textbooks. We are not telling people what to write or writing the textbooks for them. We are reporting to the American people on the condition of education, and part of that is to report on what our children are learning.

I think Mr. Bauer can explain, but I think that after his speech some textbook people came to see him and said, "Would you help us write textbooks," and he said, "Absolutely not."

Senator WEICKER. Are you aware of any law or act which specifically forbids you from engaging in this type of activity?

Mr. BAUER. Absolutely not.

PUBLIC LAW 96-88 PROVISION REGARDING TEXTBOOK REVIEW

Senator WEICKER. What about Public Law 96-88?

Mr. BAUER. The Department has a provision which prohibits us from writing textbooks, a provision which, by the way, many people think has in the past been violated with grants that went out under previous administrations, and which we have tried to get control of.

I am not aware of anything that says that as education officials, we cannot talk about the quality of textbooks being used in American schools.

Senator WEICKER. May I read to you that provision, I think, that applies in Public Law 96-88.

> No provision of a program administered by the Secretary, or by any other officer of the Department, shall be construed to authorize the Secretary or any such officer to exercise any direction, supervision, or control over the curriculum, program, instruction, administration, or personnel of any educational institution or school, or school system, or any accrediting agency or association, or over the selection or content of library resources, textbooks or other instructional materials by any educational institution or school, except to the extent authorized by law.

Don't you think that these activities could be construed as violative of that particular portion of the law?

Secretary BENNETT. No.

Mr. BAUER. No.

UNDER SECRETARY'S REVIEW OF TEXTBOOKS

Senator WEICKER. How many books has Mr. Bauer reviewed?

Mr. BAUER. I took a look at six world history textbooks widely used in American schools. I will be happy to submit the names of the books for the record.

Senator WEICKER. I don't want to know the names of the books.

Mr. BAUER. That is too bad, it is a very interesting subject.

Secretary BENNETT. Are you saying that if we read a math book that has two plus two equals five, we shouldn't say that it shouldn't be used, or at least called to the public's attention?

This is not supervision or control, Mr. Chairman.

Senator WEICKER. Why are you in this area at all?

Secretary BENNETT. Because it is important to the education of our children.

Senator WEICKER. Are you advocating that we should give Federal funds for this? This would be great news.

Are we going to give Federal funds to those that are using these textbooks?

Mr. BAUER. We are not.

Senator WEICKER. We are not, but we are going to review the textbooks! That is interesting, and I would be delighted—I must confess that I would still disagree—but if you guys want to dive into this area, let's get into massive funding in these areas, fine, but you just want to get into the content of the textbooks.

I suggest to you that you have responsibilities that relate to the handicapped. You have responsibilities that relate to the disabled. You have responsibilities that relate to college students. That is the job of the Federal Government, not going around and prying into what textbooks are being used or are not being used.

Secretary BENNETT. That is part of it, Senator. I mean, part of the job of education is to look at the quality of books; that is why Secretary Bell did it, and that is why I am.

Senator WEICKER. That is fine. Let's just talk about the jobs you are not doing for 1 second, and then I will yield to Senator Harkin.

504 ENFORCEMENT

Two weeks ago, we had the Chairman of the National Council on the Handicapped, an appointee of the Reagan administration, Sandy Parino—membership appointed by the Reagan administration. At that hearing, the Chairman said that she didn't know who was enforcing 504, and that is in your Department, isn't it?

Secretary BENNETT. Yes.

Senator WEICKER. She didn't know who was enforcing 504. Might I suggest that maybe you should enforce 504 instead of running around the countryside worrying about textbooks?

Secretary BENNETT. Sure.

Mr. BAUER. We are.

Secretary BENNETT. We are enforcing 504.

Senator WEICKER. Not according to the National Council on the Handicapped, and I think that they probably have a pretty good insight on what is going on.

Mr. BAUER. Did she say she didn't know who was enforcing it, or did she say that we are not enforcing it?

Senator WEICKER. That there was no enforcement.

Mr. BAUER. That is not true.

Senator WEICKER. Senator Harkin.

TEXTBOOK CONTENT—SOVIET RIGHT TO VOTE

Senator HARKIN. Mr. Secretary, you said that if you had a math book that said, two plus two equals five, you would have some responsibility to do something about that. Obviously, that is an objective error. You quoted a passage out of a textbook on Soviet women, you paraphrased it, and you almost quoted it. Were those things untrue?

Mr. BAUER. Yes; if that is the only thing they said, they were untrue.

TEXTBOOK COVERAGE OF SOVIET RIGHT TO VOTE

Senator HARKIN. No; I asked you if what you just said to me about Soviet women is untrue.

Mr. BAUER. They are half-truths, partial truths. To tell our children that Soviet women have the right to vote in any real sense of that word in the Soviet Union is an untruth, yes, it is.

If you would like to argue about the voting system in the Soviet Union, and whether it is a legitimate right to vote or not, I would be happy to do that.

Senator HARKIN. No; I asked you what was untrue in that statement you made.

Mr. BAUER. It is untrue that women have a legitimate right to vote in the Soviet Union.

Senator HARKIN. I am not talking about the women and whether they can vote yes or no, or whatever it is.

Mr. BAUER. Senator, would you consider yourself to have a right to vote if you were only given hand picked candidates of one party at every election?

Senator HARKIN. In some States, that is the case. [Laughter.]

Mr. BAUER. Certainly not in your State. At any rate, that is not a legitimate right to vote. As a matter of fact, it is not a legitimate right to vote. If we are unwilling to tell our children that that is not a comparable right to vote as far as we understand the term, that is not giving our children all the information they need about the Soviet system.

Senator HARKIN. We have votes for judges in Iowa, and I suppose in a lot of other States, except different rules, and you can only vote yes or no.

Mr. BAUER. Senator, are you suggesting——

Senator HARKIN. You said, yes or no, and that was the point. I want to know what objective untruths there were. There may be half-truths—obviously, there were half-truths.

Senator WEICKER. Half-truths, I might add, is somewhat like saying at the Federal hearing on the education budget that we are spending $276 billion on education. That is a half-truth, isn't it?

Mr. BAUER. Senator, if I put it in a textbook, you should get very concerned about it.

Senator WEICKER. I would.

Senator HARKIN. You said that you weren't squeezing, but as the chairman pointed out, you have been offering the cuts, but we saved you from yourself; right?

Mr. BAUER. Well, Senator, I am absolutely shocked that there are people at the table who want to defend the Soviet right to vote, and somehow compare it——

Senator HARKIN. Wait a goddamned minute, I take issue with that.

Mr. BAUER. I take issue with the charges that you are making.

Senator HARKIN. Do you know what you just were accusing me of?

Mr. BAUER. What is it that I accused you of?

Senator HARKIN. It is the worst McCarthyite tactic that I have ever seen.

Mr. BAUER. There have been a lot of McCarthyite attacks at the table.

Senator WEICKER. You are out of order.

Mr. BAUER. May I respond?

Senator WEICKER. You are out of order.

Mr. BAUER. May I respond?

Senator WEICKER. No; you may not, you are out of order. I think you owe an apology to Senator Harkin, and whoever else you included in your rather broad statement of those around the table.

Mr. BAUER. Did I misunderstand anything that the Senator said to not be attempting to make a point that, in some cases, the Soviet right to vote is comparable to a right enjoyed in some places in the United States?

Senator HARKIN. I never at any time said that, that is your own misinterpretation.

Mr. BAUER. Why would you bring it up, Senator?

Secretary BENNETT. Could we leave it to the record because I did hear you making an analogy to what goes on in the Soviet Union and what goes on in States in the United States, and that was your big laugh line.

Senator HARKIN. No; this is the man who said that.

Secretary BENNETT. Could we check the record, Mr. Chairman?

Senator HARKIN. He said where they have a list of candidates to vote for, and I said that this happens in the United States, too.

Senator WEICKER. I would suggest that a proper resolution of the matter is that you stop worrying about textbooks and start worrying about the business of your Department.

Secretary BENNETT. We are, sir.

Senator HARKIN. Mr. Chairman.

Senator WEICKER. Senator Harkin.

Senator HARKIN. Thank you, Mr. Chairman.

SIX HISTORY TEXTBOOKS REVIEWED

Would you give me—I would like to get a copy of that textbook that you just mentioned—who the author is. You mentioned six world history textbooks that you reviewed.

Mr. BAUER. Yes.

Senator HARKIN. I would like to have those, so that I can make a review of those.

[CLERK'S NOTE.—The information requested—a list of the six world history textbooks—was submitted in a letter to Senator Harkin.]

GSL LENDER'S SPECIAL ALLOWANCE PROPOSAL

Senator HARKIN. I did want to followup on the question regarding the special allowance for lenders. A panel of lenders told the House Postsecondary Education Subcommittee that your proposal to reduce subsidies on their guaranteed student loans will drastically reduce the availability of loans to students.

The Consumer Bankers Association, whose members make over 80 percent of all guaranteed loans, says that these proposals would collapse the entire program. No lender, the association said, would make guaranteed student loans under the conditions imposed by the administration.

Do you want us to implement the proposals, and do you agree or disagree with the Consumer Bankers Association?

Dr. CARNES. Yes, I do; Senator Harkin. I am not at all surprised to hear that from the bankers association. I would expect them to make those very statements because they see, in fact, that a guaranteed profit is going to be reduced for them. I would hardly expect them to say anything other than that.

Let me mention a couple of other points, though. The Senate has already passed, in its version of the higher education reauthorization bill, a reduction in the special allowance to banks from 3.5 percent to 3.25 percent. Beyond that, under Gramm-Rudman-Hollings, the entire Congress passed a provision which reduced the special allowance from 3.5 percent to where it currently is, 3.1 percent for four quarters on new loans made after the issuance of the sequester order. Our proposal was simply a reduction of one-tenth of 1 percent beyond the current reduction under the Gramm-Rudman-Hollings sequester for fiscal year 1986.

It is our best judgment, based on conversations with members of the financial community, that a very great number of lenders will be able to participate in this program, and will find it so attractive that they will continue to be fighting over each other for loans.

Bank after bank after bank advertises in newspapers and on television for people to take out guaranteed student loans with them. They offer Sony Walkmen as giveaways to get people in.

Senator HARKIN. That is now, but they are saying that under the reduced subsidy and a share of the cost of the default, they will not be able to fund them. You are saying that this is just a scare tactic on their part?

Dr. CARNES. Yes; it is.

Senator HARKIN. On the bankers' part.

Dr. CARNES. That is what I believe it to be.

Senator HARKIN. Thank you, that is all I wanted to know.

Dr. CARNES. I would point out, that there are a number of proposals that have already been made by both sides of the Hill concerning increasing lender risk and reducing the special allowance.

PROPOSAL TO ELIMINATE LIBRARY SERVICES

Senator HARKIN. I have a question regarding the Library Services and Construction Act. For the fifth year in a row, your Department proposes to eliminate the Library Services and Construction Act and Higher Education Act title II library grant programs.

The elimination of these programs would spell a loss to Iowa of $1,443,000. For Iowa, zero funding would mean immediate reduced services because the Library Services and Construction Act grant programs are not advance funded, their funding is immediate. That means that Iowans would not receive books and other materials for libraries across the State, something very important in a rural area like Iowa where the local libraries are small, if they exist at all, or they would receive them only after major delays. Community groups and nursing homes would not have ready access to film. Children in Iowa will miss out on summer library activities.

FEDERAL ROLE IN PROVISION OF LIBRARY SERVICES

Mr. Secretary, can you deny a continuing need for a modest Federal role in helping to equalize the availability and quality of library services for those for whom special outreach or special materials are required, and for assisting libraries to share resources across State, local, and national boundaries through the use of new technologies?

Secretary BENNETT. I wouldn't deny, Senator, that a modest Federal role in library construction is desirable, but I think that under current circumstances, it is very difficult given the budgetary problems.

We do know that library access is one of the great success stories in America. It is a figure upward of 90 percent of Americans who have access to libraries.

LIBRARY SERVICES BUDGET PROPOSAL

Senator HARKIN. But you propose to eliminate it. You propose to eliminate the Library Services and Construction Act and higher education title II library grant programs. Do you want them eliminated or not?

Secretary BENNETT. Yes, sir; under current constraints, we feel that we have to do that.

Senator HARKIN. So you are saying that—I don't want to get into semantics again, but are you saying that Americans have too big an access to libraries?

Secretary BENNETT. No.

Senator HARKIN. That that access should be cut down?

Secretary BENNETT. No; but when we are looking at funds, limited funds, we have to choose among our priorities.

Senator HARKIN. This is not a priority.

Secretary BENNETT. It is important, but it doesn't have the same pressing importance.

Dr. CARNES. Just a couple of facts, if I could, Senator Harkin.

FEDERAL SHARE OF LIBRARY SUPPORT

The Federal support for libraries is about 5 percent of what the States put into libraries. Beyond that, approximately 96 percent or more of the American population has access to a range of library services. Given those particular numbers, and looking at our budget in toto, and looking at the needs of disadvantaged individuals, we weigh one against the other, and we just come out with the feeling that we think it is more important putting money into preserving, to the extent we can, funding for disadvantaged persons.

Senator HARKIN. Disadvantaged has different meanings.

Dr. CARNES. I mean our programs for the disadvantaged, like chapter 1.

LIBRARY SERVICES IN RURAL AREAS

Senator HARKIN. I happen to live in Fairfax County, where we have a great library system, but we have a high tax base. A lot of rich people live out there and make a good income. You get into areas, again, like Iowa, rural areas, where libraries are few and far between, where we may have to have bookmobiles go out in the summertime, where we have special programs. These people are disadvantaged only in the sense that they live in small communities, and they are dispersed. What we are saying is that there is a need there for them to have these library services. They have become accustomed to them. They use them.

What I am arguing is that a cut of $1,443,000 out of Iowa this year will spell—I don't want to use the word drastic—a large reduction in the availability of library services.

Dr. CARNES. We are not rescinding in this year, Senator.

Senator HARKIN. I mean in 1987.

Ms. CHRISTENSEN. Senator, this is a current funded program, and we protected it for that reason.

Senator HARKIN. I mean in the next budget cycle, in 1987.

Dr. CARNES. Yes; it would, Senator.

Senator HARKIN. There will be a big cut in the services available to people in rural areas. It may not affect Fairfax County, VA, but it would affect Iowa.

Senator WEICKER. Thank you, Senator Harkin, very much.

Senator Hatfield.

LITERACY

Senator HATFIELD. Mr. Chairman, I don't want to break your line of thought at this point, but I have some questions that I would like to ask the Secretary relating to literacy, if it is appropriate.

Senator WEICKER. If I might just tidy up one portion of the questioning that took place before.

I would like to have made available to the committee a further amplification of the grant awards from the Secretary's discretionary fund in terms of the proposals, and what it is. I just have the names and the figures as to what it is that is expected to be accomplished by virtue of the grants.

Secretary BENNETT. The grant or the whole slate?

Senator WEICKER. Those that were selected for funding out of the discretionary fund.

Secretary BENNETT. Sure.

[The information follows:]

PROJECTS SUPPORTED BY THE SECRETARY'S DISCRETIONARY FUND IN THE CONTENT, CHARACTER, AND CHOICE COMPETITION

Center for Civic Education/Law in a Free Society.....CA....$100,000

As part of the upcoming celebration of the bicentennial of the Bill of Rights and the Constitution, this project will provide approximately 3,000 students with knowledge about the Constitution and the Bill of Rights, through training community leaders and teachers. Students, based on tests of their knowledge of Constitutional issues, will be selected to receive certificates of recognition.

Sequoia Institute...............................CA.......$75,570

This project will study four models for increasing choice in education: options in public schools; tuition tax credits; full vouchers; and options for teachers. Three experts will analyze each model in terms of the legal, administrative, and fiscal questions raised by efforts to create choice applications. Each group of experts will develop monographs discussing findings and recommending ways that policymakers might address the practical issues of implementation.

Stanford University.............................CA........$67,300

This project will review science and social studies texts from the fourth through twelth grades. The focus of the review will be on the structure of the text and its impact on student comprehension.

Thomas Jefferson Research Center................CA........$80,000

The Center will develop teacher training programs aimed at expanding character education, ethical decisionmaking, personal responsibility skills, citizenship, and service programs in the Pasadena Unified School District. The Center has had extensive involvement with the Pasadena schools in implementing a series of programs to teach personal responsibility and ethics.

American Federation of Teachers (AFT)............DC........$75,000

This project, jointly sponsored by the AFT, the Educational Excellence Network, and Freedom House will: 1) conduct research on how democracy is taught in America's schools, 2) write a "Proposal for Democratic Education" and 3) hold a major, national conference at which the proposal, research findings, and a series of relevant papers will be presented.

National Humanities Institute....................DC........$80,695

This project will explore the work of Irving Babbitt as it relates to curriculum content and student character development. A new edition of Babbitt's Literature and the American College: Essays in Defense of the Humanities will be printed with a new introduction, and a small conference will be held and the resulting essays disseminated.

Ethics and Public Policy Center..................DC.......$100,000

This project will convene a national conference which will bring together 100 to 150 educators and a distinguished group of statesmen, scientists, and defense experts to discuss history, foreign affairs, and the status of world powers in the nuclear age. Presentations at the conference will be the basis of a handbook which will be made available to teachers, social studies directors, and other education professionals.

Institute for Independent Education..............DC........$87,094

This project will study the dynamics of parental choice by examining a group of parents who send their children to independent neighborhood schools. Information will be gathered about the beliefs, attitudes, values, and expectations of parents who have chosen a particular type of private school or independent neighborhood school for their children. A panel of specialists in research design, evaluation, ethnography, and policy analysis will assist.

National Governors' Association..................DC.......$150,000

This project will provide information to the Governors on several critical issues in education: parental involvement and choice, good teaching and teachers, school leadership and management, school facilities utilization, advanced technology, and college quality. Outcomes include: a Five Year Action Plan to identify both needs and promising practices as well as an evaluation instrument, an Inventory/Status Report to provide an overview of current State and local policy, and a Resource Guide to aid access to new support systems.

National Catholic Education Association...........DC........$40,000

This project will conduct the first phase of a study of low-income parent involvement in non-public schools and its effects on student achievement. The study will examine why some low-income parents choose Catholic schools, how these parents involve themselves in the life of the school, and the nature of the parental involvement.

Chicago Public Schools...........................IL.......$250,000

This application was funded because of a court order requiring that it be given priority. Only one of four proposed components (parental involvement) was funded. The amount requested was $4,413,928. The component funded will provide for more effective implementation of the Chicago schools' Uniform Discipline Code, involve parents in efforts to reduce gang activity and drug abuse in schools, and reduce drop-out rates.

DePaul University................................IL........$83,068

DePaul University's Institute for Business Ethics will sponsor a conference with the Center for the Study of Values in Modern Society, and Illinois Bell. Representatives from education, business, and government will examine the shared responsibility of elementary, secondary, and postsecondary education for inculcating virtue and transmitting democratic values; innovations in pedagogy and curriculum necessary for schools to perform their moral role effectively; and the leadership and coordination needed for business and education to institute curricular reform.

United Neighborhoods Intertwined for Total Equality...IL....$50,000

This project will train parents in the evaluation skills needed to make informed choices about educational services for their children. Training materials will be developed to serve 680 parents. The project's purpose is to increase parents' level of involvement in school affairs, understanding of education structures, understanding of school policies, and ability to develop an effective home study support system.

University of Illinois - Chicago..................IL........$96,307

This project will support a locally-based recognition program for schools that develop good character.

Louisiana Association of Business and Industry....LA........$89,913

This project is researching the legal constraints to implementing vouchers in school systems with court-ordered desegregation plans, and the impact of a proposed voucher plan on Louisiana's system for financing public education.

Johns Hopkins University.........................MD........$73,162

The program will support counseling, a quarterly newsletter, and meetings to provide encouragement and information on educational options to the 320 pre-teen students identified in the annual Johns Hopkins Talent Search.

Research and evaluation activities will be conducted to examine such topics as the availability of program options for these students, the high incidence of top scores in selected locations, and the effects on students of entering college two years early.

Boston University..................................MA.......$142,815

Eight units seeking to demonstrate the use of the humanities in fostering character development will be developed, tested in twenty junior high school classrooms, evaluated and revised, and disseminated.

Institute for Responsive Education................MA........$58,107

This project will study 65 schools in 12 cities to determine how parents make choices of schools. It will produce a parent survey, eight case studies, and a description of strategies for informing parents of choices. The project is jointly funded by the Massachusetts Department of Education.

Detroit Public Schools............................MI........$26,020

This project will involve at least 50 parents and staff members in the design of new alternative schools in Detroit, and will result in a School Board-sponsored five-year plan to implement the project's recommendations.

Flint School District.............................MI........$50,000

This project will inform Flint parents of the alternative courses, curriculum styles, and schools available, and will encourage parental involvement in their children's education. A planning guide will be developed and offered to other districts and non-public schools that wish to encourage parental choice.

Minnesota Federation of Citizens for Educational Freedom..MN.$60,000

This project will conduct surveys, educational forums, and cost analyses to determine the best, fairest, and most effective way of implementing an Education Choice Act. An assessment will also be made of the costs of implementing the various strategies under the Act's demonstration voucher program.

Community School District #5......................NY........$80,000

This project will establish a Parent Center to inform parents about selecting from among the 17 elementary schools in this central Harlem district. Activities include training sessions, materials development, a lending library for skills improvement, counseling for parents, and outreach programs.

Hofstra University................................NY........$50,000

This project will, through site visits and literature searches, begin to outline the essential characteristics of successful means of increasing parental choice among schools.

New York University................................NY........$60,000

This project will provide a book-length analysis of curricular and instructional approaches now being used in the schools for "Nuclear Education." It will include an examination of the content of such curricula and of their effects on children and their understanding of complex historical, geopolitical, and moral issues.

New York University................................NY........$23,957

This project will develop a theoretical approach to character education based on existing research and theory in the field of psychology and related disciplines. Three experts will review and critique the resulting paper.

Teachers College, Columbia University.............NY........$70,221

This project will review the 12 most widely used textbooks for teaching American history to assess the quality of their content. The review panel will consist of six historians, three teachers, two editors of children's books, and two writers.

Bowling Green State University...................OH.......$100,000

This project will establish a process to improve student character development in three rural school systems. Each district will assess its policies and curriculum, and implement a demonstration program.

Citizens for Public Education.....................OR........$29,816

This project will conduct workshops and training seminars for Oregon parent and citizen groups interested in reviewing instructional materials used in the schools. Guidelines and criteria for reviewing textbooks will be developed and made available on request.

Columbia Pacific Council, Boy Scouts..............OR........$35,000

This project will expand the use of three successful programs conducted with assistance from local business: In-Class Exploring, which provides business consultants at teacher and student request; Career Awareness, which offers seminars led by business leaders, demonstrations, and work site tours; and Self-Image, a series of seminars to prevent drop-outs.

Institute for Liberty and Community..............VT........$19,874

This project will analyze the history and present operation of Vermont's long-standing parental choice system. Under this system residents of Vermont located in small rural districts, which often have no schools, may elect to apply the per pupil cost to any school selected by the parents.

Clearinghouse on Educational Choice.............VA.......$62,550

This project will develop a monthly national newsletter on parental choice and the parental role in education. The intent is to inform education officials, education policymakers, businesses, other private organizations, parents, and interested lay persons of current developments in the field of educational choice.

National School Boards Association...............VA.......$83,233

This project, to improve programs for student character, will prepare a handbook for local school boards, conduct three workshops for State and local school board members, sponsor a conference on character development, and report on the conference and project with a special edition of School Board News.

Skokomish Indian Tribe...........................WA.......$60,000

This project will design and field test an instructional program on drug and alcohol abuse for young (pre-kindergarden to first grade) Indian children in isolated areas. The materials could be adopted by any rural and isolated Indian tribal group at low cost.

U.S. WEST Education Foundation...................WA.......$74,298

This project will evaluate the CHOICES program for ninth grade students. The program teaches students to develop the self-discipline necessary to follow through on decisions. The study will involve 2,400 students in 12 demographically varied high schools in the states of Washington and Oregon.

VITZ: "RELIGION AND TRADITIONAL VALUES IN EDUCATION"

Senator WEICKER. No. 2, I would include in the record the religion and traditional values publication of Paul Vitz of New York University.

[The information follows:]

Religion and Traditional Values in Public School Textbooks: An Empirical Study*

Paul C. Vitz

New York University

The general purpose of this first series of studies is to observe how religion, religious values, family and family values are represented in the typical Social Studies textbooks used in the nation's public schools. Study 1 focuses on the treatment of religion; Study 2 is concerned with how the family is represented; and Study 3 describes unexpected findings primarily political in nature that are, however, related to the topics of religion and family.

Social Studies Textbooks Grades 1-4: Sample Selection

The ten sets of six books that were selected are listed in Table 1 by publisher, copyright date. Also given in Table 1 are the states that have approved the text by putting it on their list of officially adopted or approved texts. The sample was selected as follows: (1) All social studies texts adopted by the states of California and Texas were included.[1] These two states were selected because of their large school age populations and because many other states look to their adoption lists for guidance in selecting their own texts. (2) In addition, any other texts adopted by both the states of Georgia and Florida were included.[2] This resulted in the ten sets listed in Table 1. We would have selected books from states in the northeast, but none of these states has official adoption lists. The books actually used in such states depend on local choices since there is no official state list of texts from which choices must be made.

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*Part of Final Report: NIE-G84-0012; Project No. 2-0099; Equity in Values Education

[1] Textbook Adoptions 1983-84. Sacramento, CA: Office of Curriculum Framework and Textbook Development, State Department of Education, 1983; Textbooks, Current -- Adoption 1982-1983. Austin, TX: Texas Education Agency, 1982.

[2] Catalog of State-Adopted Instructional materials 1983-84. Tallahassee, FL: State of Florida, Department of Education, 1983: The Georgia Textbook List 1983. Atlanta, GA: Georgia Department of Education, Textbooks and Title IV Local System Support Division.

Table 1

Publishers and adoption states of the ten social studies textbook sets used in Study 1. Further information on the sample of 60 books, each set covering grades 1-6, is listed in the Appendix, Table A.

Publisher and Copyright	Adoption States
1. Allyn and Bacon (formerly Follett) - 1983	CA, TX and by AL, GA, IN, NC, NM, OR, VA
2. D. C. Heath (formerly American Book Co.) - 1982	FL, GA and by AL, AR, ID, IN, NM, NV, OK, OR, VA
3. Holt, Rinehart, & Winston - 1983	CA and by ID, NC, OR
4. Laidlaw Brothers - 1983	TX, and by AL, AR, FL, GA, ID, IN, MS, NM, NV, OK, OR, SC
5. Macmillan - 1982-1983	CA, TX and by AL, AR, GA, MS, NC, NM, OK, UT, VA
6. McGraw-Hill - 1983	CA and by GA, ID, NC, NM, NV, OK, OR, VA
7. Riverside (formerly Rand McNally) - 1982	FL, GA and by AL, ID, NC, NM, NV, OK, OR
8. Scott Foresman - 1983	CA and by AL, AR, FL, GA, ID, IN, MS, NM, NV, OK, OR, SC, UT, VA
9. Silver Burdett - 1984	CA, TX and by AL, AR, FL, GA, ID, IN, NC, NM, OK, OR, UT
10. Steck-Vaughn (formerly Scholastic) - 1983	CA, TX and by AL, GA, MS, NV, SC

Each of the publishers in Table 1 refers to a series or set of six texts covering Grades 1-6. The complete list of titles of all six texts for each publisher listed in Table 1 is given in Table A in the Appendix A.

This sample of ten sets is very representative of the nation as a whole. They include, of course, all the social studies texts permitted for use in California and Texas. These two states account for 9.9% and 7.0% respectively of the US student population; that is, 16.9% of the total US student population.[3] There are 15 other states whose official adoption lists we were able to obtain: Alabama, Arkansas, Florida, Georgia, Idaho, Indiana, Mississippi, New Mexico, Nevada, North Carolina, Oklahoma, Oregon, South Carolina, Utah, and Virginia. (These states with their list of adopted texts were provided by EPIE; see Appendix A Table B for complete information.) The list of ten texts in Table 1 accounts on the average for 71% of the texts on these other states' adoption lists. If we generalize from these 15 states to the rest of the country then our sample represents approximately 71% of the texts used outside of California and Texas. Since we cover all the texts approved for use in California and Texas one estimate is that 87% of the nation's students use the books in the study's sample. This estimate may be somewhat high and needs some qualification. It is possible that states that do not officially adopt textbooks are more varied in the books they use as compared to the 17 states whose official adoption lists we used. This possibility is hard to judge since statistics on the books used by schools in non-adoption states are not available. However, there is not likely to be much difference since it is well known that roughly 10 to 15 publishers account for the overwhelming majority of the books used for a given subject, including social science. The Table 1 list has 10 of these publishers, and due to the influence of California and Texas, the present sample of 10 contains the larger Social Science sellers within the set of 15 or so possible candidates. Thus, an estimate that the sample used here accounts for 70% of those used in the country seems reasonable, even conservative.

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[3] Statistics from Digest of Educational Statistics. Washington, D.C.: U.S. Government Printing Office, 1982. Based on 1981 statistics.

Furthermore, there is no reason to think that the five or six fairly commonly used texts that are not in the sample are in any way very different from those in the sample. In fact, a quick survey of two sets of books not in the present sample showed very little difference from those in Table 1.

There is one other minor qualification about the popularity of the sample used here. The books officially adopted by adoption states sometimes have slightly different copyright dates (usually a few years earlier) as compared to the books used in this sample. The big publishers usually up-date in minor ways their social studies textbooks every two or three years, while adoption states may wait 5 or 6 years between official adoptions. Thus some states may be using a slightly earlier version of the books studied here. The differences between a book with the same title and authors but a slightly different edition (copyright) are small and would not effect the generality of the findings based on the Table 1 sample.

General Characteristics of the Sampled Books

All of the ten sets of books in the sample (Table 1) turned out to have the same general structure or format. The Grade 1 texts delt with the individual student in the family and school setting; Grade 2 texts expanded the setting, usually to include the student's neighborhood; Grade 3 expanded the context further to include the life of the surrounding community, e.g. town or city, and Grade 4 included the different possible regions of the country or sometimes world regions. These Grade 4 texts were a kind of geography text mixed with stories about the life of the people in a given region. All were rather similar to the National Geographic Magazine in treatment; those that covered regions of the world gave some emphasis on U.S. regions as well.

The books for these first four grades also included aspects of U.S. history or world culture. Because of the homogeneity of the sets for the first four grades, they are analyzed together. The Grade 5 texts were all introductions to U.S. history and Grade 6 texts were all introductions to world history or to world cultures. The analyses of the Grade 5 and Grade 6 books are each treated separately below.

Study 1: Religion in Social Studies Textbooks: Grades 1-4

Scoring

References in the books to religion were scored as text items if they were made with words, and image items if they occurred in pictures. Primary religious references are defined as those that refer in words or pictures to religious activity such as praying, going to church, participating in a religious ceremony, giving religious instruction, etc. Secondary religious references are those that refer to religion in some indirect way, such as mentioning the date a church was built; or referring to a minister as part of the community; or a photograph of a church; or a scene showing the Amish in a buggy, or Jews by an Israeli parade-float as part of a treatment of different ethnic groups in the U.S.

Reliability

The reliability of scoring the different religious categories was checked by having the texts scored by an independent scorer provided by E.P.I.E. The summary score sheets of all books (Grades 1-4) based on the observations of the PI were sent to EPIE for an independent check. The external judge at EPIE noted any references to religion that were missed by the PI. There were three external judges; each checked the PI's scoring of three or four of the publishers, grades 1-4, in Table 1. Two of the 24 examples of a primary reference to religion were missed by the PI. These two are included in Table 2. It is therefore likely that Table 2 represents 100% or close to 100% of all such references in the sample. Of the 76 secondary religious references in Table 3, 15 were detected by the outside judges, i.e. missed by the PI. It is unlikely that many additional secondary references were missed by both judges, hence Table 3 probably contains close to all of such references. As noted any item missed by the PI was included in the data for purposes of analysis. As mentioned above, religious items were scored as either primary or secondary. This distinction was made very reliably as the PI and the outside judges agreed 100% of the time as to which of these two categories a given reference to religion belonged in. The summaries of all Social Studies Textbooks grades 1-4 can be found in Appendix B.

Results

Table 2 shows the frequency and type of each primary religious reference in the 40 sample textbooks, grades 1-4.

- The first result is that none of the books had one text reference to a primary religious activity occurring in representative contemporary American life. The closest any book comes was a reference to the life of the Amish -- a small, rural Protestant group whose distinctive way of life has not changed in centuries. They are not representative of today's Protestant Christian life.

Table 2
Primary References to religion in Social Studies Texts Grades 1-4
(American history and society only)

Book (publisher)	Grade 1		Grade 2		Grade 3		Grade 4	
	Text	Image	Text	Image	Text	Image	Text	Image
1. American Book/Heath	-	-	-	-	-	Pilgrims pray at Tgiving	-	-
2. Follett	-	-	-	-	-	-	-	-
3. Holt	-	Jewish lt candles	-	-	pilgrm went to worship	Pilgrm pray at Tgiving	Puritn	Puritn relig service
4. Laidlaw	-	-	-	Jewish with Yarmulke at grave	-	rabbi rolling scroll; priest (R.C.) talking to kids	-	-
5. MacMillan	-	-	-	-	Pilgrm reads Bible at TGiving; Sp. Priests to teach Christianity	Family at Tgiving praying;	-	-
6. McGraw-Hill	-	priest (prob. R.C.) teachs kids	-	-	-	-	-	-
7. Riverside	-	-	-	-	-	-	-	-
8. Scott, Foresman	-	-	-	-	Amish believe Bible says work land stay together, keep away from non-Amish	-	Mayflower passen. prayed; Pilgrims thnkd God; Puritan girl's day: attnded church	-
9. Silver-Burdett	-	-	-	Tgiving family prayng	-	minister at sickbed	Fr. Serra & Calif. missions (twice)	photo of Fr. Serra
10. Steck-Vaughn/		Jewish lt	-	-	-	-	pilgrms prayed	-

Another reasonably close reference is a story on a Spanish urban ghetto, "El Barrio." In this story the complete relevant text reads "Religion is important for people in El Barrio. Churches have places for dances and sports events." This is not a primary reference to religion since no actual religious activity is described. Furthermore, the text doesn't mention Christianity or Roman Catholicism, and the churches are noted as places for fun and games, not as places for worship. Finally, El Barrio is something of a special ethnic environment; it certainly is not representative of American religious life in general.

There are, however, a few images showing primary religious activity in a contemporary American setting. In the first grade texts two images are Jewish (Holt; Steck-Vaughn), one is Catholic (McGraw-Hill) and there is a rather vaguely drawn picture of a minister or priest at a funeral. In Grade 2 there is one Jewish image and another is a photograph of a family praying at a Thanksgiving dinner (non-denominational). Grade 3 primary religious images are a Catholic priest, a Rabbi, a minister or priest (with collar) at a sick bed, and a family with heads bowed for Thanksgiving. The Grade 4 texts have no primary religious images dealing with contemporary American society.

The secondary religious references, both text and image, present a similar pattern. (See Table 3.) For Grade 1 there are no secondary text references to religion per se, there is a reference to God and that is in the "Pledge of Allegiance." Secondary images include a church noted on a local map, a boy in bed with a crucifix on the wall behind him (implicitly Catholic), and two images of Christmas trees and one of children dyeing Easter eggs. Since Christmas trees and dyeing eggs by themselves are found in many non-religious homes their religious significance is ambiguous and minor. In Grade 2 there is one text reference to the Amish, the Pledge of Allegiance is given twice including the words "one nation, under God," and in one instance the music and words of "America the Beautiful" are printed with "God shed his grace on thee;" there is also a text reference to a church (building). Secondary religious images are pictures of churches, of the Amish people, 6 churches on local maps, and a photo, without a caption, of a wedding party with a cross in the background.

Table 3

Secondary References to religion in Social Studies Textbooks Grades 1-4
(American references only)

Book (publisher)	Grade 1		Grade 2		Grade 3		Grade 4	
	Text	Image	Text	Image	Text	Image	Text	Image
1. American Book/Heath	-	-	-	Amish; 3 churches in drawings	Pilgrims not allowed to pray in own way	-	-	church bldg on colonial map
2. Follett	-	-	-	-	Sp. built mission churches	-	-	-
3. Holt	-	Christmas tree (no relig aspects)	-	Church bldg. on colonial town map	Pilgrims came for religious reasons; worshipped every Sunday	two mission churches	Puritans: rel.free.; Puritan: church control; Wm. Penn: Quaker, rel.free.; M. Anderson: young in ch choir; Sp. missionaries; N. Whitman: pioneer missionary, woman.	mission chrchs (3)

Table 3 (cont'd)

Book (publisher)	Grade 1		Grade 2		Grade 3		Grade 4	
	Text	Image	Text	Image	Text	Image	Text	Image
4. Laidlaw	-	-	Pledge Flag	Wedding party & cross	Religious community leaders, important serv. worker	Amish; Sp. Mission; Hse. of Buddha in Chinatown	-	-
5. MacMillan	pledge of alleg.	Church on map; picture: Rev. M.L. King	"Amer the Beaut"	photo of church	colonial: "Lords Prayer;" town has churches; MLKing a minister	Spanish Mission; R.C. cath.	pledge of alleg.	-
6. McGraw-Hill Rand McNally	-	map "house of worship"	church "a group;" symbol for church & synagogue on map	-	mission; religion & early settlers	-	Roger Williams; Anne Hutchinson	-
7. Riverside	-	Crucifix in background	-	Church in town plan; Pilgrims in rel. service	-	-	-	-

Table 3 (cont'd)

Book	Grade 1		Grade 2		Grade 3		Grade 4	
(publisher)	Text	Image	Text	Image	Text	Image	Text	Image
8. Scott, Foresman	Pilgrims- & Bradford wanted to pray in own way	-	Pledge of alleg.; right to pray	-	Story on Amish; El Barrio story; Rel. free. Brewster, Puritans, Hutchinson.; Chrchs help in flood	Grt. Seal of U.S.	Hugenots rel.free.; Spanish built churches, spread Christianity, no longer allowed Indians to practice their religion. Explain B.C./A.D.	Span. missns (2); Mormon temple
9. Silver-Burdett	-	-	-	Jewish Israel parade; pledge of aleg.	-	place of worship on map; pledge of aleg.	-	-
10. Steck-Vaughn/ Scholastic	-	X-mas tree; East egg (neither religious)	-	draw. of neighborhd has small church, wedding party outside; church on map (same map 4X); photo of church	-	-	Mormons settled Utah; Fr. Serra and Calif. Missions	Mormon temple

Grade 3 secondary texts refer to religious leaders as being part of the community leadership; one text noted that Martin Luther King, Jr. was a minister; there are two references to church buildings, one to ministers being important service workers and a reference to the Great Seal of the United States and the motto "He (God) has favored our work." Grade 3 secondary images include images of Spanish mission churches, one of a Catholic cathedral, one of the Amish.

Grade 4 secondary text references are to Marion Anderson who sang in a church choir when young, the Pledge of Allegiance, and one reference to a church building. Grade 4 secondary images are one image of a church, five of Spanish missions, two photos of the Mormon Temple in Salt Lake City.

It will be useful to get some statistical idea of how rare even the few images noted in Tables 2 and 3 actually are. In all books, the primary religious images referring to contemporary U.S. life are less frequent than one in 200 images. For example, every book that has any reference to religion has 100 or more pages that could have images and no book had more than one U.S. primary religious image, and some had no primary religious images at all. In the books for Grade 1-3 there are on average about 2 images for every page. Thus, primary images are less than one in 200 for these books. Grade 4 texts are much longer, but tended to have fewer photos; specifically they tend to average about 350 pages and about one image per page. However, again the proportion of primary U.S. religious images is less than one in 200 for the Grade 4 texts in part because these books have very little emphasis on religion at all, being focused on geography instead.

Discussion

The most striking thing about these texts is the total absence of any primary religious text about typical contemporary American religious life. In particular, there is not one text reference to characteristic American Protestant religious life in these books.

As for primary images the situation is slightly better. There are four image references to contemporary Jewish practice, two to contemporary Catholic life and one to a man visiting the sick in clerical dress described as a minister. There are two images that might be either a priest or minister and two non-denominational families with heads bowed for Thanksgiving dinner.

Of course, if one goes back in time to the colonial period there are some primary texts and images of a Protestant nature -- but the New England Puritans no longer exist as such, and representation of their religious life carries an ambiguous meaning for present day children. In some respects the message is that religion is old fashioned and only for those who are not up to date. For example, Holt (Grade 4) has a two page story on Peacham, Vt. This small village has a beautiful old "Puritan" church which is featured in the story not as a center of religious life but because it is the center for a contemporary summer piano festival. The message that religion is "old fashioned" is also carried by the treatment of Spanish missions and by the several references to the Amish.

In any case today's powerful Protestant religious world of the Bible Belt, of the TV Evangelists, of the Born-Again Christian, of the Fundamentalists and of the Evangelicals, of the Moral Majority, of Billy Graham, Oral Roberts, Jerry Falwell -- even of Norman Vincent Peale -- this very American world representing millions of Americans is without one reference in word or image in this sample of 40 books. Even the world of main line Protestantism was not acknowledged.

Also as noted above the secondary religious texts and images give essentially the same results. Keep in mind that these social studies books are supposedly aimed at introducing the student to American society as it exists today, plus a little of how it existed in the past. For example, today's job world and the world of recreation and travel get a heavy emphasis.

As mentioned there is something of a minor emphasis on Jewish and Catholic religious life. This is not to say these books give any religion anything like its proportional significance, but it is interesting that when on occasion religion is referred to, then Jewish or Catholic or sometimes Amish or Mormon images get a disproportionate emphasis. This is very curious indeed and it strongly suggests a psychological interpretation of the motivation behind the obvious censorship of religion present in these books. Very briefly those responsible for these books appear to have a deep seated fear of any form of active contemporary Christianity, especially serious, committed Protestantism. This fear has led the authors to deny and repress the importance of this kind of religion in American life. That is, for those responsible for these books active Protestantism is threatening and hence taboo. (Today religion is threatening - as sex was in the Victorian period.) This thesis is supported by the peculiar pattern of the few references to religion that do occur, that do break through the secular censorship process. Specifically, as one gets further away from the major threatening form of religion, i.e., fundamentalist and evangelical Protestantism, the repression weakens and a few more distant types of religion occassionally get represented.

Distance from the central severely repressed form of religion can be measured on at least three different dimensions. First there can be distance in religious character. Thus, Judaism and Catholicism and the Amish are distant enough from fundamentalist Protestantism to be less threatening, therefore these forms get relatively more of what little religious coverage there is. In addition these forms of religion can be interpreted as minorities -- and like all minorities, they receive a certain sympathy. For example, this explains the text reference to El Barrio and not to a more main stream type of American Catholicism: although as noted even in that reference the words "Christian" or "Catholic" are not mentioned. (The word "religion" has apparently become a euphemistic synonym for "Christian" or "Protestant" or "Catholic" since none of these three words is used in these books in connection with any primary or secondary reference to U.S. religion; this taboo extends to "Christ" and "Jesus," names that do not occur in any of these books' treatments of contemporary U.S. life.)

Another dimension for distancing is time. Hence the references to Puritan life in the 1600's can include religous elements. Likewise the oft pictured Catholic missions of the Southwest can be referred to without too much anxiety. After all these religious ways of living are now long past.

A third dimension of distance is one of culture and geography. For example, Tables 2 and 3 only record the religious references relevant to the history of the United States from the colonial period to the present. The occasional references in these books to other countries such as Mexico, France, or the American Indian cultures are not treated, since the primary concern of this study is on how U.S.life and history is represented. However, it is noteworthy that when these books cover other societies -- religion gets a substantially greater emphasis. Thus, many of the sets treat American

Indian life prior to the arrival of Europeans. In the process Indian religion often gets a sympathetic treatment. For example Holt (Grade 3, p. 56) describes a Hopi rain dance and prayer; Scott-Foresman (Grade 3, p. 71) a Pueblo Indian story about prayer and how the Earth Mother created corn for them. Also see McMillian (Grade 3, p. 262-4).

Mexico, when treated, usually gets religious coverage. Thus, Laidlaw (Grade 1 on p. 47 and 128) explicitly notes "religious" celebrations though neither Catholic or Christian are mentioned; Laidlaw (Grade 4, p. 325) also noted the "Christ of the Andes" statue in discussing South America.

Or consider the following comment about Europe, "As you see, in Europe many people are religious." (Grade 4, McGraw-Hill, p. 247). Such a statement is never made about the U.S.A. -- although religion had always been central to American life.

Also, consider the Follett series (Grades 1-4) which along with Riverside has the weakest treatment of religion of the publishers in the study. Except for one reference to a California Mission in Grade 3 -- the only other reference is to Mother Teresa of Calcutta (Grade 3, p. 155); she gets a small picture and a discussion as winner of 1979 Nobel Peace prize. Being Catholic and living in India she is distant enough, according to the present analysis, to not raise a threat.

Other examples of the washing out of religion are such remarks as "Pilgrims are people who make long trips" or "Mardi Gras is the end of winter celebration" (Macmillan, Grade 3, p. 52, 186). Or the fact that these books feature significant aspects of each of the following American cities: San Francisco, Santa Fe, St. Paul, St. Louis, St. Augustine -- but not one book mentions who these cities are named after.

Of course, in spite of an "atypical" religion sometimes popping up at a distance from the central most taboo form of Protestantism -- the dominant theme is the denial of religion as an actual important part of American life. Sometimes the censorship becomes especially offensive. It is common in these books to treat Thanksgiving without explaining to whom the Pilgrims gave thanks. For example, Riverside (Grade 2) has a lengthy section on the pilgrims, p. 35-65. The Pilgrims, in this text, "wanted to give thanks for all they had" (p. 60) so they had the first Thanksgiving. But no mention is made of God, to whom the thanks were given. This same type of thing is also done in Silver-Burdett, Grade 1, p. 48, and in Grade 2, p. 143; likewise Steck-Vaughn/ Scholastic, Grade 4, p. 111; American Book/D.C. Heath, Grade 3, p. 150-156; Scott-Foresman, Grade 1, p. 124. The Pueblo can pray to Mother Earth, but Pilgrims can't be described as praying to God -- and never are Christians described as praying to Jesus either in the United States or elsewhere, in the present or even in the past, at least as far as these 40 books are concerned.

Looking over all the publishers in Table 1, we can say that Follett and Riverside are so markedly without religious content as to be completely unacceptable. McGraw-Hill and American Book/Heath are only slightly better. Although it is far from impressive, Holt has the most satisfactory treatment of religion in these Grade 1-4 texts.

Study 2: Religion in
The Introduction to American History Testbooks: Social Studies Grade 5

All ten publishers' Grade 5 texts are introductions to U.S. history. Some books also included material on Mexican and Canadian history, but this is excluded since the present study is only concerned with how religion is represented in American history. The only possible ambiguous religious reference with respect to American history was Hitler's persecution of the Jews (The Holocaust). Although this event is, strictly speaking, primarily German and European in character, because of its effect on American life references to the Holocaust are treated as a special aspect of American history.

Scoring

Every page of each book was read and a brief summary of any reference to religion was made. (Summaries in Appendix B) Initially every reference was also scored as expressing a positive, negative or neutral attitude toward religion. Since most of the references were neutral, no regular attempt was made to treat this aspect of references to religion. Instead the primary concern is with whether religion is mentioned, and if so, what characteristics are represented.

Results

General summaries of how each text treats religion will be given first.

1. American Book/Heath (Grade 5). After many positive references to Indian religion, e.g., p. 75, 81, 87, 89, the issue of religion in the U.S. is entirely in terms of gaining religious freedom, reaction to Puritan religious restriction, etc. e.g., p. 126, 137. (Although, there is no mention of Catholic and recent religious schools.)
   The last direct references to religion are on p. 221 in terms of pioneers and religious freedom and to immigrants seeking religious freedom (p. 301). There is one indirect reference when Martin Luther King, Jr. is noted briefly as "a young minister" (p. 363). There is no direct reference to religion in American history in the last 100 years; and only one indirect reference in the 1960's.

   Some important treatment of Christianity is clearly anti-Christian. Consider the discussion of Spanish Christianity in Mexico and the Southwest.

   > "Spaniards thought the Christian religion should be brought to the American Indians." (But mostly they came for gold and glory.) - page 113 "Missionaries came too." "...priests wanted to convert American Indians to Christianity." They Founded missions. "Missions served as trading posts and as churches for the Spaniards. The Indians often were forced to work on the missions. They had to work in the mines or on the farms run by Spaniards. How did the American Indians feel about these newcomers? Were they willing to work on Spanish farms and in Spanish mines? How did they feel about giving up their own religion and taking on a new one? Many of them accepted the changes, afraid perhaps of Spanish weapons. But many other fought back." - pages 116-117.

   There is no balanced treatment which would include the positive contributions of Christianity to the Indians, no critical comment on Indian religion, for example the very prevalant human sacrifice among Mexican Indians.

2. Follett (Grade 5). This text starts with reference to freedom of religion as an important American belief (p. 45). It goes on to present the Spanish and Catholic colonial period in a generally descriptive and balanced way (e.g., p. 95, 105, 117, 118, 119, 128, 130). This text continues with a discussion of the colonial period, i.e., Puritans, William Penn and Quakers, Lord Baltimore and Maryland - a more or less standard description in the context of religious freedom. It mentions

John Harvard, a Puritan minister, who helped establish Harvard University (p. 137). The last reference in the text to religious activity in U.S. history is to missionaries in early 1800's who brought Christianity to Hawaii. There are two references near the end of the text to U.S. belief in freedom of religion today and to a 1964 law against religious discrimination.

There is one interesting image of the masthead of W.L. Garrison's paper The Liberator (circa 1845). This, the major paper of the Abolitionist movement, shows Jesus and a cross in its center with a black man praying to him. "Love thy neighbor as thy self" is on a ribbon around the central two figures. However, no text connects Christianity to the abolitionist movement.

The last third of this book treats the contemporary United States by geographical region. This section is mostly geography and related topics. Religion comes up once in these 180 pages - i.e., a small photo of the Mormon Tabernacle Choir, p. 400. In any case the last text reference to religion as part of American history in this book is over 100 years ago.

3. Holt (Grade 5). Although this text like the rest had the universal superficial treatment of all topics, it at least gave religion a reasonable and sensible number of references. For example, Holt mentions that the abolitionist movement had links to religious belief. It also says that "Dr. King had deep religious beliefs," the only one of the ten books that noted this important fact about Martin Luther King, Jr. This book's treatment of Jewish contributions to U.S. history was also better than the other nine (see below). However, like all the rest of these Grade 5 books, they ignored actual religious events, such as the two great awakenings, the urban revivals, the Holiness-Pentacostal movement, and the born-again movement. And the great religious character and energy of U.S. society was somehow overlooked.

4. Laidlaw (Grade 5). This book had fairly standard set of early references to religion. It placed heavy emphasis on religious freedom in 1600's and 1700's through mention of figures such as Roger Williams, Anne Hutchinson, Thomas Hooker, William Penn, Lord Baltimore, and Anne Hutchinson. There

was a one page biography of Hutchinson. The last real reference to religion in this history is to Quakers in the early 1700's and the California Missions also in the 1700's. There is one reference to Hawthorne's writing deriving from the Puritan past (i.e. early 1800's). There is a reference near the end of the book (p. 247) to the Bill of Rights and freedom to go to the church of one's choice. But the last historical reference to religion in America is more than 150 years ago.

5. McGraw-Hill (Grade 5). This text presents a fairly standard treatment of the Spanish discovery and settlement period, and of Pilgrim and Puritan New England. It does note the importance of church for early New England. Roger Williams, Anne Hutchinson, William Penn are given in the context of a standard heavy religious freedom emphasis. But it has some rather unusual later references, e.g., missionaries were one type of pioneer in the West in 1830-1840's; a quote from Sojourner Truth mentioning that only Jesus heard her; there is a reference (unique in these books) to Irish immigrants and anti-Catholic prejudice; large Jewish immigration in 1880-1890's and reference to Jews in 1950 as refugees coming for freedom of religion. Also recent pictures included: the Amish as sub-culture; a Jewish family lighting candle for Sukkoth; and a photo of Episcopalian monks worshipping together. This photo looks very Catholic, but the caption identifies the monks as Episcopalian. Note: this photo is the only primary religious image in all 60 social studies books showing any actual contemporary Protestant religious life. (That is, what is scored as "primary religious" activity.) And, even this is very atypical. Major religious events, such as the Great Awakenings, are not mentioned.

6. Macmillan (Grade 5). This is an extremely short, and dumbed down history that tries to put U.S. history in 100 pages plus a few pages on the history of different U.S. regions. The whole thing is so trivial it is hard to single out religion for its inadequate treatment since most major themes are poorly represented. However, the last reference to religion in U.S. history proper is to the Mormons settling in Utah -- although there is a reference to the Holocaust in Germany during WWII.

7. Riverside (Grade 5). This book presents a weak but standard treatment of Spanish discovery, French and Puritan settlements. The colonial period mentions Roger Williams, Anne Hutchinson, the Catholics in Maryland, the Quakers, and the Jews in Rhode Island. Except to say that Jews and Mennonites were part of the large group of immigrants to U.S. - and to note that M.L. King was a minister, there is no reference to religion in U.S. history in the last 100 years. It does note Nazi treatment of Jews in WWII.
8. Scott-Foresman (Grade 5). This text is one of the modestly better treatments of religion in U.S. history primarily because of the variety of anecdotal comments with a religious element, especially for the 19th century. It has a standard treatment of the Spanish period, the French, the Pilgrims and the Puritans. In its treatment of the religious freedom issue the test puts emphasis on Roger Williams, Anne Hutchinson, the Quakers, the Catholics and the Jews in the colonial period. There is a story of Asher Levy getting his rights in New Amsterdam; the Texas-Mexico conflict which was partly a Protestant-Catholic conflict; there is a Jefferson quote on slavery: "I tremble when I remember God is just"; a quote from the response to the 1930's depression "God knows what they lived on." The text reflects no understanding of the religious basis of much of U.S. history per se. There is a reference to post Civil War western boom towns having churches, along with opera houses, theaters, music halls. There is also a reference to churches in the Alabama bus boycott of 1960, and a reference to "God" on the Tomb of unknown soldier.
9. Silver-Burdett (Grade 5). This book treats the Spanish and French discovery periods in a standard way. Religion is mentioned as a neutral or positive element. Pilgrims and Puritans were noted as religious: "A pilgrim is one who travels for religious reasons". The religious freedom issue is treated in a standard way through mention of Roger Williams, Anne Hutchinson, Lord Calvert, and William Penn. At his Inauguration, George Washington was shown with his hand on the Bible and quoted as saying "so help me God." There was reference to Fr. Serra, Fr. Kino, Lincoln's reading of Bible, the Mormons settling Salt Lake and the burning of schools and churches by the KKK in the 1860's and 1870's. It mentioned M.

L. King as a preacher and had a reference to God on his tombstone. There are no references to such major religious events as the Great Awakenings.

10. Steck-Vaughn/Scholastic (Grade 5). This book is rather weak on the early Spanish period. It neglects the French discovery period. The mission period in the Southwest is given some coverage, however. There is a treatment of the New England Pilgrims and Puritans with a heavy emphasis on religious freedom, including its significance for Catholics and Jews. Story of a Jewish War of Independence hero. It mentions Sojourner Truth and her spreading of God's word, but the main emphasis in this reference is on women's rights. It refers to a woman settler in 1873 who signs a letter "yours in prayer." The text does mention Hitler's hatred and persecution of the Jews in WWII and M.L. King as a young minister, but otherwise nothing is mentioned about religion in the last 100 years. The Holiness/Pentecostal movement is not mentioned, nor is the Social Gospel movement.

General Discussion

The overwhelming impression of all these books is the superficiality of their treatment of just about everything. These books are a pastiche of topics and images without any serious historical treatment of what might have been going on. Nevertheless certain aspects of the coverage of religion deserve special emphasis. 1. Not one book noted the extreme liveliness and great importance of religion for American life. This religious energy is never noted. For example, the following is just a short list of the specific religions developed in America: Shakers, Mormons, Christian Scientists, Jehovah's Witnesses, Seventh Day Adventists, and Black Muslims. 2. There is not one reference in any of these books to such important religious events as: the Salem Witch Trials; the Great Awakening of the 1740's; the great revivals of the 1830's and 1840's; the great urban revivals of the 1870-1890 period; the very important Holiness and Pentecostal movements around 1880-1910; the liberal and conservative Protestant split in the early 20th century; or the Born-Again Movement of the 1960's and 70's. Religion in the 20th Century hardly figures at all in these books -- the whole issue being ignored. . 3. In spite of these books emphasis on religious freedom and tolerance there was not one reference to the Catholic school system or to the recent Christian school movement as an expression of religious freedom.

Frequency of reference to religion

As noted above, all references to religion in the above texts that referred to the history of the United States or territory that would become part of the United States were recorded on summary data sheets. (See Appendix B.) These events were grouped for each text by centuries, starting with the 1600's. (Events in the 1500's are not treated since they were given relatively little treatment and most of these events did not refer explicitly to parts of the new world that would become part of the United States.) Table 4 presents the summary findings. The most striking thing about this table is the extreme drop in references to religion as one goes from the 1600's to the present century. There is an almost ten fold decrease in the number of such references. In fact, the decline is even more severe since these books have, on average, many more pages covering the 1800's and 1900's than they did for the earlier centuries. Thus, a more accurate measure of the decline in references to religion can be seen in Figure 1. This figure corrects for the number of pages of coverage for each century. For example, the average text has 24.5 pages covering the history of the 1600's and the percentage (proportion) of these pages with reference to religion for the 1600's is slightly over 50%. In a similar manner, Figure 1 shows the percentage of pages covering each century that contain a reference to religion in this country in either text or image. In the 1700's this is 9.75% and in the 1800's 3.42%. By the 1900's the percentage has dropped to 1.27 references every 100 pages. (References to the Jewish Holocaust in Nazi Germany are not included in the later figure; they are, however, noted and discussed below.)

Table 4

Number of Pages with a Reference to Religion as Part
of American History in Grade 5 U.S. History Social Studies Texts
(observations are categorized as text or image
references and by century)

Book (publisher)	1600's		1700's		1800's		1900's *		
	Text	Image	Text	Image	Text	Image	Text	Image	Tota
1. American Book/ DC Heath	8	3	4	1	0	0	0	0	16
2. Follett	12	2	0	1	1	1	1	1	19
3. Holt	11	2	2	2	4	0	2	0	22
4. Laidlaw	16	4	9	3	0	0	0	0	32
5. McGraw-Hill	10	4	3	0	5	0	1	3	26
6. Macmillan	9	1	3	2	3	0	0	0	18
7. Riverside	10	0	1	3	2	0	0	1	17
8. Scott, Foresman	9	0	5	1	10	1	2	0	28
9. Silver-Burdett	10	1	9	1	5	1	0	0	27
10. Steck/Vaughn/ Scholastic	7	2	6	3	4	1	0	0	23
Total	102	19	42	17	34	3	7	6	
Grand Total (Text and Image)	121		59		37		13		

*Excludes references to Jews and Nazi Holocaust in Germany in WWII; however, see Table for this information.

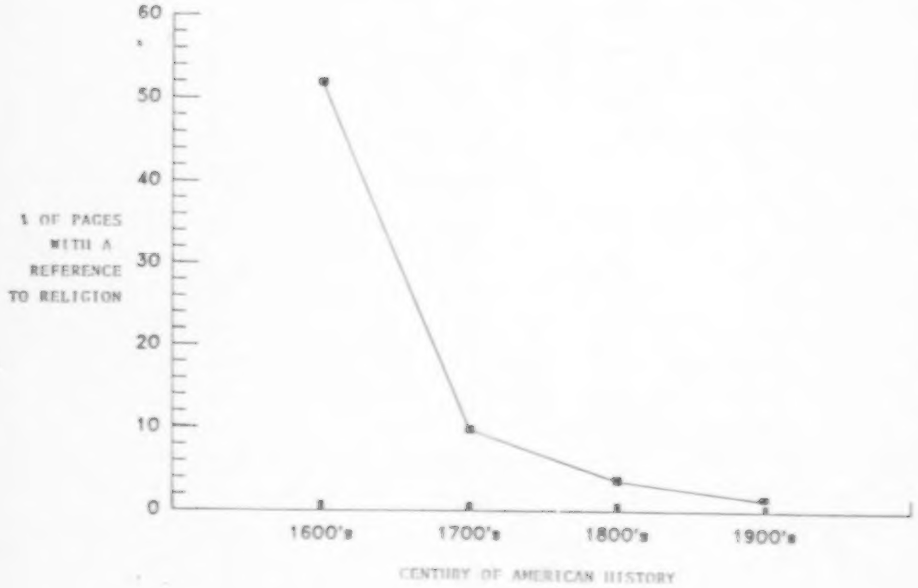


FIGURE 1

Percent of pages in 5th grade American history textbooks with a reference to religion for each century of American history from 1600 to present.

Judaism

The treatment of Judaism in these books is spotty. Jewish aspects of U.S. history have been important but like many religious groups not well known. However, five major Jewish aspects of U.S. history are singled out to measure how well Judaism is represented in these books. These historical "events" are: 1. the presence of Jews in America in the 17th and 18th centuries; 2. Jewish immigration into the U.S. in the 1880-1920 period; 3. the existence of anti-Jewish prejudice in the country, e.g. the Ku Klux Klan; 4. the significance of the Nazi Holocaust in World War II; and a fifth category standing for any other reference. Technically speaking the Nazi Holocaust is not part of American history per se but because of its intrinsic significance and because of its repercussion on much of U.S. religious and political life it is included. In Table 5 the presence or absence of these events is noted in each of the ten books in the sample. Some books, such as Holt, do relatively well. On the other hand, Follett, and American/Heath continue their neglect of religion already observed in grades 1-4. Also equally weak on Jewish contributions are Macmillan and Silver-Burdett.

Table 5

5th Grade Textbook Coverage of Important Jewish Aspects of American History

Textbook	Presence in Colonial Period	E. European Immigration	US Prejud. Against KKK, etc.	Holocaust Nazi-Persecution	Other	Percent Coverage
1. American/ D.C. Heath	p. 138					20
2. Follett				p. 284-5		20
3. Holt	p. 78	p. 297	p. 329	p. 347-8 p. 356	p. 393 Sov.Jews recent	100
4. Laidlaw	p. 156			p. 412		40
5. McGraw-Hill		p. 240 p. 249 Emma Lazarus			p. 329 Recent Jewish Immigrants	40
6. Macmillan*				p. 135		20
7. Riverside/ Rand McNally	p. 88	p. 280-82		p. 346, 348, 360		60
8. Scott-Foresman	p. 127-8	p. 310-11		p. 359		60
9. Silver-Burdett				p. 231		20
10. Steck-Vaughn/ Scholastic	p. 99, 121 106-7	p. 320		p. 366-7 372		60

*This book treats U.S. history proper in about 100 pages plus a few pages on the *history of each U.S. region; there is no index entry for Jewish, Judaism, etc.

Catholicism

The specific treatment of American Roman Catholicism is, if anything, weaker than the coverage of Jewish American contributions. Eight major Catholic aspects of U.S. history are singled out to measure how well Catholic contributions are represented in these books. The eight historical "events" are: 1. the very significant early Catholic settling of Florida, the Southwest and California; 2. the Catholic presence in Colonial America; 3. the intense anti-Catholic prejudice in the 1830-1865 period; 4. the establishment of the Catholic school system as a major expression of religious freedom;

5. the role of the Catholic Church in assimilating so many immigrants from Ireland, Italy, Germany, Poland, Lithuania; 6. the very large number of Catholic hospitals, schools, orphanages, etc.; 7. the anti-Catholic prejudice in 20th century America, e.g. the KKK and in the presidential elections involving Al Smith, John F. Kennedy; 8. interesting and important Catholic personalities, e.g., Lord Baltimore, Elizabeth Seton, Orestes Brownson, Isaac Hecker, Mother Cabrini, etc.

The coverage of Catholic contributions to U.S. history can be described very simply -- all texts have references (usually not extensive) to the first two events - both occurring in the 1700's or earlier; two books, McGraw Hill, refers to anti-Catholic prejudice in the mid-19th century and Holt to the same in the 20th century (e.g., the KKK). Except for these two references, no book refers to events 3-8; and thus, Catholicism is simply excluded from U.S. history from 1800 to the present. That the Catholic school system was founded at great cost and sacrifice as an expression of the American search for religious freedom is not mentioned once. However, the religious freedom issue is the common theme that explains most of the references to religion in American colonial history. This oversight may be anti-Catholic prejudice, but more likely it results from the present public school monopoly excluding any reference to an alternative system. The public schools may be concerned that new Protestant schools also using the religious freedom rationale have siphoned off thousands of public school students in the last 20 years as Protestants have sought to pass on their faith and moral traditions to their children.

Study 3: Religion in
World History or World Cultures Textbooks: Grade 6

The ten social studies texts for Grade 6 all briefly cover either world history, or world cultures with history mixed in. Because these books differ in the particular historical periods, countries and cultures that were covered, it is very hard to compare them systematically. However, generalizations, especially related to bias in the coverage of Judaism and Christianity will be presented and supported.

Scoring

Each page of each book was read and any reference to religion was briefly summarized. On the basis of this reading the following issues struck the author as important. (Summaries in Appendix B)

1) Neglect of ancient Jewish history.

The early history of the Jews is of foundational significance to the West - in many respects it is as important as ancient Greece and more important than ancient Egypt. However there is far less coverage of Jewish history than of either Egypt or Greece in most of these books. Certainly the origin of monotheism, the stories of Abraham, Moses, David, and the prophets, e.g. Isaiah, Jeremiah, are central to Western life and history, indeed to much of Islam as well. Although some of these people and topics are mentioned they get little emphasis. In addition, there is no reference to Jewish life and culture in the last 2000 years -- until the WWII holocaust. In other words, the Judeo- part of the Judeo-Christian history of the West is far from adequately represented.

2) Neglect of the life of Jesus of Nazareth.

Whatever one thinks of Christianity, it has certainly been of central importance in world history. The life of Jesus of Nazareth constitutes one of the more important events in history. Indeed, many would claim his life is the most important single event in the history of the last 2000 years. Certainly the history of Europe, North and South America, and much of the Near East, Africa and even Asia can not be understood without reference to his life and what it has meant - for good or ill - for countless others. Yet none of these books treat the life of Jesus as anything like the important event it has proved to be. A few of the books give him some coverage (e.g., Silver Burdett), but Riverside, MacMillan, Laidlow, Holt give nothing on his life and teaching. Others give so little as to be banal, e.g., American Book, Follett, Steck-Vaughn (Scholastic). For example, Steck-Vaughn/Scholastic gives the following complete summary of Jesus' life: "Jesus became a teacher. He preached that there was only One God. He told those who would listen that they must honor God by treating others with love and forgiveness." Besides the trivialization and serious omissions in this description it has one major error. Jesus did not make a point of preaching there was "only One God" --

monotheism was assumed in Jewish life and Jesus gave it little direct attention per se. In fact the language "only One God" is central to Islam, not Christianity.

To appreciate the neglect of the life of Jesus it is only necessary to compare it with some books' coverage of the life of Mohammed. In several books Mohammed's life gets much more coverage than that of Jesus. For example, consider Silver-Burdett: the life of Jesus gets 36 lines, while the life of Mohammed gets 104 lines; Riverside mentions Mohammed as founder of Islam (e.g., pp. 198, 200) but Jesus is not mentioned anywhere in the text; MacMillan has a brief reference to Mohammed and his faith (p. 50) but none to Jesus. Islam gets much positive coverage in Laidlaw, for example, pp. 123-134. Specifically, the rise of Islam, Islamic culture and Mohammed get an 11 page section plus other scattered coverage. The rise of Christianity gets almost nothing (e.g., a few lines on p. 116). In these books it is not as though great religious figures are totally avoided -- it is rather that Jesus is.

3) Neglect of the first 1000 years of Christianity.

The typical world history would cover ancient Rome -- noting somewhere in Roman history that Christianity spread in the period of the late Empire. The end of Rome marked the end of the section. Then the next historic period would usually be the rise of Islam. This section was typically followed by a treatment of the feudal Middle-Ages. Thus, the first 1000 years of Christianity gets very little emphasis -- unlike the rise of Islam which often got considerable attention. Only one book had any significant section on the rise of Christianity or the first centuries of the church and that was McGraw-Hill.

4) Neglect of Eastern Orthodox Christianity and the Byzantine Empire.

With a few exceptions, e.g. McGraw-Hill p.126, the world of Byzantium was either not mentioned at all or seriously neglected. This failing relates in part to the general neglect of the first 1000 years of Christian history. Only two texts had any even modest coverage of the Eastern Orthodox world and culture -- Silver-Burdett, and McGraw-Hill. Books without any textual reference to Eastern Orthodoxy (or Byzantium) were: American Book, Scholastic, Holt.

5) Neglect of Protestantism.

One of the strange characteristics of many of the texts was their failure to mention the Protestant Reformation, or to give it very little emphasis. For example, American Book hardly refers to Protestantism and not at all to the Reformation; Riverside which has twenty pages on Tanzania and 19 pages on the history of the Netherlands; 16 pages on ancient Crete. It makes no reference to Martin Luther and Calvin and there is almost nothing on Protestantism. The absence of reference to Protestantism in Holland is particularly noteworthy given that country's history. Silver-Burdett's text, although generally one of the relatively better treatments of religion, hardly mentions the Reformation. Holt and Scholastic have nothing on the Reformation but their orientation is more on world cultures than world history. Even the texts that do take up the Reformation usually do not discuss the theological differences that were at issue. Religious differences, the fundamental basis of the conflict, are typically omitted. For example, Scott-Foresman (p. 270) mentions Martin Luther and the break from the Catholic Church, but no reason of any kind for the break is mentioned. Only McGraw-Hill and in a minor way, Follett, refer to plausible religious reasons for the Reformation. This neglect of Protestantism further supports the thesis that some kind of repression or denial of Christianity (especially Protestantism) is demonstrated by how these texts treat the Christian religion.

6) Neglect of Christianity in the modern world.

None of these texts give much emphasis at all to Christianity as a living cultural and historical force in the world of today or in the last 200 years, especially in the U.S. Like good social anthropologists these books do give religion a significant place in the life of many other cultures today. For example, the Arab world is never described without a serious treatment of Islam; likewise many other foreign cultures or countries are described as having important religious components. At times such places as today's France (e.g., Scott-Foresman, p. 69-71) or Italy (e.g., Scott-Foresman, p. 138, 158-160) or the religious aspects of the conflict in N. Ireland (McGraw-Hill, Laidlaw) are mentioned. Often South America is discussed as having important Catholic aspects to its society. (As already noted such an awareness of religion in the U.S. is not recognized in Grades 1-4, or Grade 5 either.)

In addition to the points mentioned above, a feminist emphasis, projected into the distant past, was present in some texts. The few women of influence in the past were mentioned, even featured, all out of proportion to their historical significance. For example, Laidlaw mentions that Muslims kept women out of power, p. 186, and then features the one known sultunate of a Muslim woman (it lasted four years). A particularly disturbing example of this is the Laidlaw treatment of Joan of Arc (p. 256-7). Her story is told without any reference at all to God, to religion, to her being a saint. The treatment is entirely secular and seems to have been included because Joan of Arc was a woman.

Study 4: Family Values in Social Studies Textbooks: Grades 1-4

This project addressed how family and family values were treated in social studies texts.

Sample and Scoring

Since the Grade 5 & 6 text addressed U.S. history and world history and culture these books were excluded as irrelevant to the issue of family values. This study, then, involved only the books for Grades 1-4 -- books purporting to introduce the child to an understanding of U.S. society.

Each page of the Grade 1-4 books that referred to a family, to family life or a member of family, e.g., father, mother, aunt, etc. was scored as a "family" emphasis. Those books that had only 0-5 pages referring to family were judged to have a "slight" emphasis on the family. If there were 6 to 15 family pages, the book was judged to have a "moderate" family emphasis; 16-25 family pages was scored as a "strong" family emphasis and more than 25 pages as a "very strong" family emphasis. (Summaries in Appendix B)

In addition, as noted below, certain key family concepts and words were looked for in the texts and were scored as present or absent for a given book.

Results

Amount of Family Emphasis

The books varied greatly in their emphasis on family. See Table 6. For example, the Grade 4 texts because of their focus on geography often had no representation of family life at all. Grades 1-3 usually had some family emphasis, and often had a strong representation of family. If one looks at each publisher's set of 4 books, then every publisher had at least one book with a moderate -- that is 6-15 pages -- family emphasis. The Scholastic books had an especially heavy family emphasis; all of its books were rated "strong" or "very strong" on family. The other publishers were generally pretty strong on family as well -- although Riverside and Laidlaw are quite weak on the family. However, in terms of amount of family emphasis, most of these sets do well.

Table 6

Family Emphasis in Social Studies Tests - Grades 1-4

Textbook Publisher	No Emphasis: zero pages on family	Slight Emphasis: 1-5 pages on family	Moderate Emphasis: 6-15 pages on family	Strong Emphasis: 16-25 pages on family	Very Strong Emphasis: more than 25 on family
1. American Book / DC Heath			Grade 1 Grade 2 Grade 3 Grade 4		
2. Follett	Grade 2 Grade 4		Grade 1	Grade 3	
3. Holt	Grade 4	Grade 3			Grade 1 Grade 2
4. Laidlaw	Grade 1 Grade 3 Grade 4				Grade 2
5. MacMillan			Grade 2 Grade 4		Grade 3 Grade 1
6. McGraw-Hill		Grade 3 Grade 4		Grade 1 Grade 2	
7. Riverside/ Rand McNally	Grade 3	Grade 2 Grade 4	Grade 1		
8. Scott-Foresman		Grade 3 Grade 4		Grade 1 Grade 2	
9. Silver-Burdett		Grade 2 Grade 3 Grade 4		Grade 1	
10. Steck-Vaughn/ Scholastic				Grade 2 Grade 4	Grade 1 Grade 3

Kind of Family Emphasis

But serious issues arise when one looks at the *kind* of family emphasis -- when one moves from quantity to quality. For example, when an explicit definition of the family is given it is seriously deficient or disturbing.

For example, Laidlaw (Grade 2, p. 6) states, "A family is a group of people.". The teacher's edition of this book elaborates the definition so as to make a family a group of people "who identify themselves as family members." Thus there is only a subjective definition of a family. The entire emphasis in these books is on the many types of family - all implicitly equally legitimate. This notion characterizes all these books; not just Laidlaw. More commonly a family is defined as "the people you live with" (e.g., Silver-Burdett, Grade 1, p. 18).

Typically however no explicit definition of family is given, instead an implicit definition is provided by the pictures and stories referring to family life. In these cases the definition provided by the images is that a family consists of those people, whoever they might be, that the child lives with. Families are often shown without a father, or sometimes without a mother, sometimes it is a couple without children, etc.

More importantly, basic ideas with respect to the nature of family are entirely excluded from these texts. Specifically there is not one text reference to marriage as the foundation of the family. Indeed not even the word "marriage," or the word "wedding" occurred once in the forty books. There is one "exception" to this. Scott-Foresman (Grade 2, p. 131) does refer to a neighbor's wedding but this occurs in a short treatment of life in Spain. (Apparently some people still do get married in that old-fashioned country.) Further, it is relevant to note that neither the word "husband" nor "wife" occurred once in any of these books. It is clear that marriage is not seen as central to the definition of family -- a clear example of ideological bias.

Other basic family values were also noticeable by their absence. Thus, not one of the many families described in these books featured a homemaker -- that is, a wife and mother as a model. For example, the words "housewife," "homemaker" never occurred in these books. Yet there were countless references to mothers and other women working outside of the home in occupations such as medicine, transportation and politics. Yet, there was not one citation indicating that the occupation of a mother or housewife represents an important job, one with integrity and providing satisfactions. There was one story in which the mother presumably was a mother and housewife, but this fact wasn't noted or featured in any way. Closely related to this was the absence of traditional family sex roles. Such roles were occasionally represented when family life in the historic past was described or when families in other countries were featured. However, there was not one portrayal of a comtemporary American family that clearly featured traditional sex roles.

Study 5: Other observations on Social Studies Textbooks: Grades 1-4

In the course of reading these books, certain observations were made that had not been anticipated.

A Strong Partisan Political Emphasis

There was a clear partisan political character of a liberal bent to these social studies texts. Many of these books would single out certain prominent people for special emphasis. These people were not necessary for the discussion of social life or the history of the United States (like presidents) but were considered by the authors to be important people who would interest the students. Such people were selected to serve as "role models" for the students, since they were usually featured under such headings as "Famous People" or "Someone You Should Know" or "People Who Made a Difference," etc. Such people whose major contributions occurred since World War II were specifically noted: thus they are contemporary political role models. A person was scored as a political "role model" if he or she was singled out for distinctive biographical treatment and if the person was active in political life or well known for his or her political or ideological significance, e.g., Martin Luther King. (People selected as role models in the arts, from sports, and from the world of science are therefore not included in this analysis.) The person had to be given a paragraph or page of special treatment separate from any history that might be under discussion at the time. The role model had to be named, have a picture, plus some biographical treatment of their life or accomplishments.

There are various ways to document the substantial liberal bias of these selections. Examples of people never selected are: Robert A. Taft, Barry Goldwater, William Buckley, Jesse Helms, Jack Kemp; no neo-conservatives, e.g., Irving Kristol; not one of the youthful breed of business entrepreneurs behind today's high tech business, Silicon Valley for example, was ever featured; indeed not a businessman (or woman) active since World War II was selected as a role model. Such conservative women as Nellie Gray, Phyllis Schlafly or Jeanne Kirkpatrick were never represented. And, of course, Billy Graham and Jerry Falwell were omitted. The actual role models found in these books are summarized in Table 7.

Table 7

All people of post WWII political and social significance selected for special biographical emphasis (Role Models) in the Social Studies Texts: Grades 1-6. (See text for details of selection.)

Name	Party	Accomplishment	Publisher; Grade
Herman Badillo	Dem	NY City politician	Holt-4
Romana Banuelos	Dem	Treasurer of U.S.	Laidlaw-1
Thomas Bradley (2 times)	Dem	Mayor, Los Angeles	Holt-4 McGraw-3
Ralph Bunche	Dem	United Nations Offic.	Amer/Heath-4
Rachel Carson (2 times)	N.A.	Ecology movement	Holt-1 Amer/Heath-4
Raul Castro	Dem	Gov. of Arizona	Laidlaw-5
Henry Cisneros	Dem	Mayor, San Antonio	Scott-Fores.-4
Vine DeLoria	N.A.	Amer. Indian rights	Laidlaw-1
Millicent Fenwick	Rep	U.S. Congress, N.J.	Follett-4
Ella Grasso	Dem	Gov. of Connecticut	Scott-Fores.-4
Patricia Harris	Dem	Lawyer; black rights	Holt-4
Dolores Huerta	N.A.	United Farm Workers	Scott-Fores.-3
Nancy Kassebaum	Rep	U.S. Senate, Kansas	Laidlaw-2
Maggie Kuhn	N.A.	Gray Panthers/Feminist	Amer/Heath-4
Martin L. King, Jr. (3 times)	N.A.	Civil Rts leader	Laidlaw-1 Holt-4 Silver-Bur.-4
Clare Booth Luce	Rep	Ambassador	Laidlaw-1
Thurgood Marshall	N.A.	Supreme Court Justice	Laidlaw-2
Margaret Mead (2 times)	N.A.	Anthropologist	Holt-6 Amer/Heath-4
Patsy Mink	Dem	US Congress, Hawaii	Holt-4
Julian Nava	Dem	Ambass to Mex; author	Amer/Heath-4
Dixie Lee Ray	Dem	Gov of Washington	Amer/Heath-4
Eleanor Roosevelt (3 times)	Dem	Founder of UN; various good works	Holt-4 Scholas-6 Scott-Fores.-4
Coleman Young	Dem	Mayor, Detroit	Scott-Fores.-3

The generally liberal credentials of those noted in Table 7 make clear the political agenda in these books. It is even hard to find any Republican role models -- the exceptions being Milicent Fenwick, a liberal pro-abortion, pro-ERA congresswoman; Nancy Kassebaum, a moderate Republican, selected, of course, primarily because she is a woman; Clare Booth Luce a conservative Republican and an ambassador active 30 years ago. You would think there weren't any male Republicans in the country, much less any active conservatives male or female over the last 20 years. What is also striking is that many of the people are active in politics now - or were a year or two ago when the books were published. In short taxpayers' money has been used to provide promotion of active liberal politicians.

Political bias also showed in the tendency of these books to which reliably characterize recent (and much of past) U.S. history in terms of three issues or themes: minority rights, feminism, and ecology and environmental issues. In every case the pro position was presented as positive; the opposition was never given any serious positive treatment. There was no mention of the conservative position identified or supported in any way in any of these books. For example, there was simply no mention of the anti-ERA movement, the pro-life movement or the tax revolt.

Here are some very typical examples of how the uni-sex position and feminism are represented in an implicit manner:

a. On a page with two pnotos one of a woman working at a store and another of a woman in an office is the caption "Your mother or father has a new job. It is in another town. You have to move" (American Book/Heath, Grade 1, p. 18). Or consider p. 98-99 of the same book. These pages consist only of large photographs of "representative" people working. The pictures primarily represent role reversal. The teacher is instructed to comment on the pictures (in the teacher's edition) as follows: "Teacher asks: How many of the workers on these pages can you identify? (The workers on p. 98 include women working in oil industry, a male telephone operator, and a woman doctor. Those on p. 99 include a woman auto mechanic, a clown and two male researchers.)"

b. Some typical pages from Riverside (Grade 2), one of the most obviously feminist set of texts: woman mayor p. 73, woman construction worker p.

74, woman police officer p. 76, woman firefighter p. 77, woman supervisor p. 77, woman judge p. 79, woman mail carrier p. 79, etc. throughout the text.

Although Riverside and American Book/Heath are probably the most aggressively sex role reversal in their portrayals -- all 40 books have a uni-sex emphasis -- and not one book presents any form of positive portrayal of traditional sex role models for the contemporary United States.

A Money and Career Emphasis

All of these text sequences presented work as having two primary meanings. One was to get paid money and then to use the money to buy goods to satisfy needs and wants. A typical treatment showed a man or woman - explicitly or implicitly the father or mother - working at some job, getting paid, and then going to the store to buy something. The other meaning to work was that it gave status -- as in a career. Although it was not mentioned in the text the images did often convey the idea that work was a relatively pleasing or satisfactory activity in its own right. It was certainly not presented as drudgery.

However, there was not one mention in the text of the fact that many people don't work for money, e.g., homemakers; or that many people volunteer their services to hospitals and other organizations; or that many people exchange goods and services, e.g., barter; or that many people, presumably many school teachers, work in part for rewards other than money. No text mentioned regularly working out of concern for others or because of the intrinsic value of certain kinds of work. The absence of any concern for non-material values was so extreme that not one discussion of a family budget included any money for charity, or money for others in need. (Giving money to a church was never mentioned.) Instead the primary emphasis was on personal status and enjoyment, and the money economy. By implications the message was clear that if you work and don't get paid money you - and what you do - don't really count.

Study 6:

U.S. History Textbooks: Grades 11 or 12

This study investigates how religion is represented in the U.S. history textbooks used throughout the country in the 11th or 12th grade.

Sample

California does not provide a High School U.S. History adoption list; Texas has an adoption list of only 5 books, and one of these has been adopted only by Texas (Rand McNally) and is therefore not nationally representative. Therefore the following basis for selecting the history textbooks was used. From the 14 states that provided adoption lists there were 12 textbooks adopted by 5 or more states. These books were judged as representative. From this list of 12, eight texts were selected at random. These eight are shown in Table 8. This list included the two books most widely adopted, namely Harcourt, Brace, Jovanovich adopted by 12 of the 14 adoption states, and Holt, Rinehart and Winston selected by 11 of the adoption states. The list of 8 books in the sample is highly representative - for on average it accounts for 60% of those texts on the adoption lists of the states that provide such lists. A reasonable estimate is that 60% of the country's students taking U.S. history use one of the books in the sample. Further, there is no reason to think that the other adopted books not in the sample are in any serious way different in content from those in Table 8.

Scoring

Each page of each history book was read and references to religion were noted. In addition, since each text had at least a moderately thorough index all index entries relating to religion were also checked out. All of the scoring for each book was independently verified by an outside scorer supplied by EPIE. About 10% of the references to religion were missed by the PI, but picked up by the EPIE scorer. These additional references were used in arriving at the general summaries described below. The summaries were also evaluated for accuracy by an EPIE scorer. Although an occasional reference to religion may have been missed it is most unlikely that any important treatment was overlooked. The protocols (summary of the scoring for each text) are in Appendix C.

Table 8

The High School History Texts (Grade 11 or 12)
used in the sample for Study 4

Publisher & Copyright Date	Authors	Title	Adoption States*
1. Addison Wesley 1979 (3rd ed)	R. Madgic S. Seaburg F. Stopsky R. Winks	The American Experience	AL, FL, GA, IN, NM, OK, SC, TX, VA
2. Globe 1984	S. Schwartz J. O'Connor	Exploring Our Nation's History	AL, FL, GA, NV, NM
3. Harcourt, Brace Jovanovich 1982	L. Todd M. Curti	Rise of the American Nation	AL, FL, GA, IN, MS, NV, NM, NC, OK, TX, UT, VA
4. Holt, Rinehart & Winston 1982	N. Risjord T. Haywoode	People and Our Country	AL, FL, GA, ID, IN MS, NV, NM, OK, SC, TX
5. Houghton Mifflin 1981	J. Shenton J. Benson R. Jakoubek	These United States	AL, GA, ID, IN, NV NM, OK, VA
6. Laidlaw (2nd ed) 1981	G. Linden E. Wassenich D. Brink W. Jones, Jr.	A History of Our American Republic	AL, FL, ID, IN, NM, OK, SC, TX, VA
7. Macmillan 1981	H. Bragdon S. McCutchen	History of a Free People	AL, GA, ID, MS, NM OK, SC, UT, VA
8. Silver Burdett 1983 Vol 1 & 2	H. Bass G. Billias E. Lapsansky	America and the Americans	AL, FL, GA, ID, NM, NC, UT, VA

* Adoption lists provided by EPIE; note many states do not have official adoption lists. See text for evidence of the national representativeness of the texts.

General Description

On average these books were twice as long as the 5th grade texts, running to 700 or 800 pages; they also had more words per page, fewer photos and fewer exercises. As a consequence these books had at least 3 or 4 times more coverage of American history than the 5th grade social studies books. They were written in a much more scholarly way and some of the authors are quite prominent American historians. For example take the Rise of the American

Nation (1982) by Todd and Curti, New York: Harcourt, Brace & Jovanovich which has gone through several editions. Curti is listed as the Fredrick Jackson Turner Professor of American History (now Emeritus) at the University of Wisconsin and as a past president of the American Historical Association. Dr. Todd is a prominent educationist active in the professional world of social studies.

Norman K. Risjord senior author of People and Our Country (1982) N.Y.: Holt, Rinehart and Winston is a professor of history at the University of Wisconsin; Robin W. Winks, fourth author of The American Experience 3rd Ed. (1979) is Professor of History at Yale University. The three authors of America and Americans Herbert J. Bass, George A. Billias and Emma Jones Lapsansky are Professors of history at Temple University, Clark University and Temple University respectively.

The other authors of these books are either professors of eduction or well known educationists. In other words these books are not only much more substantial -- the authors presumably represent a much higher level of competence - and indeed in some cases they represent the very highest level of historical scholarship as practiced in the country. In short, we should expect a great deal more of these texts than of the Grade 5 social studies books.

Results

Book Summaries

A summary of each book provides the clearest picture of its own particular weaknesses and strengths. The important failures that all these texts have in common are noted in the "conclusions" section (below).

1.) Addison-Wesley, The American Experience (1979)

Madgic, Seaberg, Stopsky & Winks

This book starts with a surprisingly good section on the Puritan heritage -- at times somewhat controversial, but that is inevitable. The authors also do well on the religious roots of the abolitionists, Catholic mitigation of slavery in South America, religion in the 19th century, the Social Gospel movement and they provide some treatment of religious themes up until the 1920's or so. In the last 50 years its understanding collapses into standard liberal secularism and indeed references to religion almost disappear over the last 30 years. For example, the religious origins and aspects of Martin Luther King, Jr. are almost non-existent and the book gives a weak treatment of King on this issue.

The authors cover Protestant fundamentalism in the context of the Scopes trial of 1925. The treatment is critical but not unrealistic. The bias comes from the fact that they do not present any other aspects of conservative Protestantism, e.g., Bible colleges, Billy Graham.

Also the authors have nothing on the urban revivals of 1870's and 1880's; nothing on the Holiness-Pentecostal movement; and there is nothing on Catholicism in the 19th and 20th centuries except references to prejudice against it.

2.) Globe, Exploring Our Nations History (1984) Schwartz and O'Connor

This book's coverage of religion in the 18th and 19th century is extremely weak. For example, there is no reference to the Great Awakening of the 1740's, none to the Salem Witch Trials or to the 2nd Great Awakening of the 1830's and 1840's; no reference to the Mormons.

Except for the religious toleration issue this book has little concern with religion in the colonial period and it seriously fails to capture the importance of religion not only in this period, but also for the abolitionist and Civil War period.

The authors do better in the last 100 years, although here what they emphasize are liberal issues as related to religion. They mention significant aspects of church support for the humanitarian reforms of 1880-1910 period, and the presence of ministers in the progressive movement. They note the KKK as motivated by religious as well as racial bigotry, they note anti-Catholic bias in the election of J.F. Kennedy and they point out that Martin Luther King, Jr. based his ideas on Christian and democratic ideals.

However, there is no reference to the urban revivals of 1870's and '80's, the Holiness and Pentecostal movement, the fundamentalists, or the Bible Belt. Also there is no reference to Billy Graham, or the Born-Again movement.

At the end of the book's eight units the authors list important dates in U.S. history. All told they list 83 events, of which only one is religious, i.e., the first Thanksgiving in 1621.

3.) Harcourt, Brace, Jovanovich, Rise of the American Nation

. Todd & Curti

In many respects the book's treatment of religion is seriously inadequate. Specifically, there is no reference to the great revival, sometimes called the 2nd Great Awakening, of the 1830's and 40's; the Holiness or Pentecostal movement of 1880-1910; the world of fundamentalist or of conservative Protestantism, e.g., the Bible Belt; the Born-Again and Jesus movements of the 1960's and 70's; the Social Gospel movement, e.g., Rauschenbusch, circa 1900, or to liberal Protestantism as a cultural or political force in this century. Martin Luther King, Jr. and his religious connection and some of his religious support is noted. The Black Muslims are mentioned very briefly. Except for these last two references there is no reference to religion in American history in the 20th century.

Very representative of this omission of religion is the list called "Chronology of Events in American History" at the end of the book. This list contains over 450 events considered important in U.S. history. The three events referring to religion are: 1) the landing of the Pilgrims in 1620; 2) the adoption of the Toleration Act in Maryland in 1649; and the settling of the Mormons in Salt Lake in 1847. Other events listed as more historic and important than any aspect of religion in the last 130 years include: the first State Minimum Wage Act enacted in 1912; the creation of the Veteran's Bureau in 1921; the establishment of the Securities Exchange Commission in 1934; and the establishment of the Department of Transportation in 1966. This book has sections on changes in American economic life, important events in our cultural history, and changes and developments in science and technology. Religion is never identified as important. With respect to religion, a major aspect of American life, this text is simply so inadequate as to provide a serious distortion of the historical record.

4.) Holt, Rinehart & Winston, People and Our Country (1982) Risjord & Haywoode

This book mentions most of the standard religous events but generally quite briefly. That is, religion is taken up in short isolated spots throughout the text. Good points include references to: both Great Awakenings; J. Edwards, G. Whitfield, Cotton Mather; Mormons; Christian

Science; The Social Gospel; Dwight Moody (the only book to mention this important figure of the urban revivals); Rauschenbusch; progressive religion; 7th Day Adventists; religious aspects of Martin Luther King, Jr.; 19th century and anti-Catholic prejudice. The book also notes such important Catholic figures as Elizabeth Seton, Isaac Hecker, and Mother Cabrini. The text also mentions Jewish immigration in 1890 and American anti-Semitism.

Weak points include the absence of references to the Holiness & Pentecostal movement (however, as noted, this book does give a paragraph to Dwight Moody and urban revivalism - a part of the Holiness movement); there is no reference to fundamentalism and the Bible Belt and to the Born-Again Movement.

To put the topic of religion aside, let us note that this book unfortunately ends with a partisan treatment of recent history. Specifically, from 1945 to the present (i.e., Chapters 28-34), the book features the following people in a special section called Sidenote to History. (This section is very like the presentation of role models in the Social Studies texts.) Here is the list of the people who are featured: 1) Perle Mesta (feminist and woman ambassador); 2) Ralph Bunche (U.N. mediator, Nobel Peace Prize); 3) Jackie Robinson (baseball player breaking the color barrier); 4) Chief Justice Earl Warren (Warren Court); 5) Julius Robert Oppenheimer (opposition to building the nuclear bomb); 6) Martin Luther King, Jr. ("I have a dream"); 7) Cesar Chavez ("La Causa" and the grape pickers strike); and 8) Ralph Nader (public defender).

5.) Houghton-Mifflin, These United States (1981) Shenton, Benson, Jakoubek

This book mentions the Salem Witch Trials, the first Great Awakening and J. Edwards and Whitfield, and gives the best coverage of any text (3 pages) on the revivals and great religious changes circa 1840; the authors even note the religious freedom rationale for the founding of Catholic schools. This is the only one of the eight history texts to do so. The authors mention the Social Gospel around 1890-1910; the presence of the church at the center of black American life and the religious motivation of Martin Luther King, Jr.

This book fails to mention the urban revivals, the Holiness-Pentecostal movement of 1880-1910. It is totally silent on the Bible Belt and fundamentalist Protestantism.

Although its coverage of topics is better than most of the books, the overall spirit is not far from that shown in its list of over 300 important dates in U.S. history. This list has only three "religious" events: 1630 Puritans settle Boston; 1692 Witchcraft Trials in Massachusetts; 1775 Quakers start first American anti-slavery society. These are the only three religion-connected events given - nothing else for the next 205 years - the list ends in 1980. Events considered more important than any event related to religion after 1775 include: 1816 2nd U.S. Bank chartered; 1878 California ceases to be bi-lingual; 1887 Electric street cars in Richmond, VA; 1917 literacy for immigrants adopted, etc.

6.) Laidlaw, A History of Our American People (1981) Linden, Wassenich, Brink & Jones

This book is weak on religion. For example, it has no reference to the first Great Awakening (c. 1740); and no reference to Salem Witch Trials. It does refer to the revivals of 1820-1840. Its treatment of religion in the colonial period is standard but thin; it refers to the religious freedom issue through mention of the Quakers as a "religious group" which was involved in the abolitionist movement. There was no serious discussion of the Christian role in fostering the anti-slave semtiment of the 1850s.

The text has a slightly more extensive coverage in the 19th century for it discusses the Mormons in some detail, and it refers to the Social Gospel movement, Rauschenbusch, and religious involvement in progressivism. However, there is no reference to the urban revivals or to the Holiness or Pentecostal movements, nor any reference to Catholic schools or hospitals, much less to Catholic or recent Protestant schools as expressions of freedom of religion.

In the 20th century it mentions the KKK as anti-Jewish and anti-Catholic; and it refers to the J.F. Kennedy Catholic election issue. Martin Luther King's life is linked to Christianity.

Some of the special religious problems with this text are:

1. Fundamentalism (p. 532) is described as rural vs. urban without any reference to religion at all. That is, fundamentalism is defined as rural people who "follow the values or traditions of an earlier period".

2. Religion in the 20th century is scarcely mentioned.
3. A systematic lack of religious emphasis. Specifically, throughout the book important dates starting with 1607 are noted under the topics: economic, social political, and work and leisure. Of 642 listed events only six refer to religion: 1) 1649 religious toleration act in Maryland; 2) 1661 first Bible published in America; 3) 1692 Salem Witch Trials; 4) 1769 Spanish missions in California; 5) Religious revivals of 1858 (sic); and 6) the 1875 Hebrew Union College founded in Cincinnati.

This list has nothing on religion since 1875. There was no mention of a conservative or orthodox Jewish institution; about such Catholic universities such as Georgetown or Notre Dame, or about the first Bible College, i.e. Nyack College.

The following supposedly important dates in U.S. history are listed in this book: 1893 Yale introduces ice hockey; 1897 first subway completed in Boston; 1920 U.S. wins first place in Olympic Games; 1930 Irish Sweepstakes becomes popular; 1960 Pittsburgh Pirates win World Series; 1962 Twist - a popular dance craze. In short the above categories make clear that such trivia are given more emphasis than any aspect of religion in the last 100 years.

This book also shows a strong feminist coverage. For example, there are 19 feminist dates listed in the list of important U.S. dates - thus feminism throughout all U.S. history is considered more than 3 times as important as religion - and over the last 100 years or so feminism is portrayed as more than 10 times more important than religion. One example of pro-feminist bias is that the text, p. 642 lists Senate approval in 1972 of the ERA under the heading "Social Progress." This is not to suggest that feminism is not a legitimate and important part of U.S. history; it is to suggest that the proportional emphasis is grossly distorted, especially over the last 50 or 100 years.

This book also has a fairly large coverage of the beatniks, the youth culture, the counter-culture, and the new left. However, it has nothing on the Jesus Movement, the Born-Again movement, and the emergence of the religious right.

7.) Macmillan, History of a Free People (1981) Bragdon and McCutchen

In general this book has an average, though still far from adequate, treatment of religion in U.S. history. For example, there is no mention of the first Great Awakening as important to U.S. history. There is no mention of Jonathan Edwards, the Mathers, the Wesleys, or the Salem Witch Trials.

In this treatment of the 19th Centruy, Bragdon and McCutchen mention the important religious movements associated with the 2nd Great Awakening, and they give some coverage to the Social Gospel, liberal Protestantism, and progressivism in the early 20th century. However, they have nothing on the urban revivals of the 1870's and 80's or on the great Holiness-Pentecostal movements (1880-1910); nothing on fundamentalism, e.g., the Bible-Belt, the Scopes Trial, or the Born-Again movement of the 1960's and 70's.

At the end of each chapter there is a section presenting a list of names and events headed "Who, What and Why Important." The book's 34 chapter lists have 814 items. At most 13 have a connection to religion - i.e., less than 2% and 8 of those are prior to the Civil War. Most of the "religious events" such as Anne Hutchinson and Roger Williams and the Maryland Toleration Act are really references to religious freedom and toleration and not to religious events per se.

8.) Silver-Burdett, America and Americans (1983) Bass, Billias, & Lapsansky
Vol. 1 Colonial Period to Reconstruction

Early Colonial Period: there is a moderate emphasis on religion, e.g. Puritans, dissenters such as Hutchinson, and Williams, e.g., p. 25, cf.; but no reference to Salem Witch trials. It goes on to the Maryland Toleration Act (and Catholics); Quakers; the Pennsylvania story; religious aspects of colonial government and the diversity of religions in U.S. Then it mentions the Great Awakening of the 1730's-40's. There is no reference to J. Edwards, C. Mather, the Wesleys. G. Whitefield was noted in connection with Phillis Wheatley, a religious Colonial black poetess. Religious origins or links of the abolitionist movement are noted -- especially with respect to the Quakers. The Whitmans (Narcissa and Marcus) are given a short paragraph as missionaries to the Oregon country. The Mormons are given a full page; it is noted that slaves turned to religion; some abolitionist link to religion is given. There is no reference to the second Great Awakening.

Vol. 2 From Reconstruction to Present

The Index has no entry for religion or for specific religious denominations. There is really little reference to religion as a social force in 20th century U.S. The book does have a short section on the Scopes Trial, a short reference to the WCTU; a reference to the anti-Semitic, anti-Catholic prejudice of KKK; and reference to the anti-Catholic bias in politics as reflected in the presidential campaigns of Al Smith (1928) an John Kennedy (1960).

This serious lack of religion in the 20th century is to some extent made up by a relatively frequent mention of religion in biographical material. Here it shows as a force in the lives of President Wilson, President Eisenhower and Martin Luther King, Jr.

Political liberalism is the main position of the book in the last 40 years. For example, the "Great Americans" featured to represent the U.S. since 1945 are: M.L. King, Jr., Rachel Carson, John F. Kennedy, Margaret Mead, Thurgood Marshall, Walt Disney. Only Walt Disney is not a standard hero of the left -- and he is a middle of the road figure, with little political significance one way or the other. These are examples of "Role Models" as in the Grade 1-6 Social Studies Textbooks. Each gets from 4 to 6 full pages of biographical treatment.

History Textbooks: Conclusions

A number of important generalizations with respect to the treatment of religion characterize all these history books. First, not one of these texts recognized, much less emphasized, the great religious energy and creativity of the U.S.

None of these books had any serious coverage of conservative Protestantism in the last 100 years. A few books mentioned the Scopes Trial. There was not one book that recognized the many evangelical movements throughout U.S. history since the colonial period. Such evangelical movements continue today and have much in common with today's religious right. Very simply, the heritage and history of these tens of millions of Americans has been left out of these history texts.

There are still other major criticisms of these books. None of them had any serious appreciation of positive Catholic contributions to American life. Prejudice against Catholics was commonly noted, but positive contributions in terms of the assimilation of countless immigrants; the many hospitals and orphanages built by Catholics; and the significance of the Catholic school system were (with one exception) not mentioned. Likewise, the positive contributions of American Jews received little notice.

Even many of the "standard" religious aspects or events of American history were often left out of those books. For example, many failed to mention one (or both) of the Great Awakenings, or the Salem Witch trials, or the deep links between various Christian denominations and the anti-slavery movement. One index to the abysmal treatment of religion in American history was the universal tendency to list the dates of important historical events and to leave out from such lists almost all dates referring to religion especially in the last 100 years.

One additional characteristic of these texts was their reliable tendency to omit conservative political issues and conservative historical figures in presenting U.S. history since World War II.

Study 7: Religion and Other Values in Readers: Grades 3 and 6

This study investigates how religion, and other values are represented in the books used to teach reading -- known as basal readers. These books primarily use stories -- often fiction, but with nature, science and biographical pieces as well -- to develop students' reading ability. The content of these stories and articles is an important source of values and information for students and it is the subject of investigation in this study.

Sample

For the following reasons only the readers for Grades 3 and 6 were selected for study. Grade 1 and 2 readers have few true stories and much of the material in these grades is in the form of short paragraphs, single sentences, lists of words (vocabulary) associated with pictures, etc. The students are still learning to read in these grades. The Grade 3 readers are, however, primarily stories and short articles. The readers for Grades 7 and 8 were excluded since they are not that widely used. Instead, various collections of stories are often substituted at these higher grades, making Grade 7 and 8 basal readers relatively unrepresentative of what is read in these grades. Grade 6 basal readers were selected for the sample because they are the highest level of reader reliably used for a grade. Grades 4 and 5 were not sampled because they are very similar to Grades 3 and 6. Indeed, professionals familiar with basal readers thought that sampling one grade level, e.g., 5 or 6, would provide an adequate and representative sample of the content of the stories. As a result the two grades, 3 and 6, are more than adequate.

The particular books in the sample are shown in Table 9. The sample in Table 9 is a representative one. The 11 publishers selected are all of those either on the official adoption list of California or of Texas. The sample is also representative of those texts adopted by other states as well. There are 10 other states with official adoptions of basal readers. (Information supplied by EPIE.) The Table 9 texts represent a very high proportion of the officially adopted readers from these other states. Specifically, the present sample accounts for the following percent of the adopted texts for the states as listed: Alabama 73%, Arkansas 78%, Florida 80%, Georgia 77%, Idaho 85%, Mississippi 100%, Nevada 78%, North Carolina 83%, Virginia 62 %, and West Virginia 69%. On average the sample accounts for 78.4% of all adopted textbooks for these 10 states -- and, of course, 100 % of California and Texas. If one assumes the adoption states are a reasonable estimate of the 38 non-adoption states, then the sample texts of this study account for 80% or more of the basal readers used in the country for Grades 3 and 6. In addition, several of the readers not in the sample were looked at -- and they were remarkably similar to those included. In short, the Table 9 textbooks are a representative national sample of the stories and articles read by the country's public school children. There is, however, one qualification to the sample. Most of the publishers shown in Table 9 put out two or sometimes three basal readers for each grade, representing two or three different levels of difficulty. In such cases the book selected for the sample from the two or three possible texts was selected on a random basis.

Table 9

Publishers, titles and grade levels of the basal readers used in Study 5

Publisher - Copyright	Titles and Grade Level
1. Allyn and Bacon (1978)	Hand Stands (3) Standing Strong (6)
2. Economy (1978) (Keytexts)	Turnstyles (3) Forerunners (6)
3. Ginn (1984)	Ten Times Round (3) Flights of Color (6)
4. Harcourt, Brace, Jovanovich (1983)	Ring Around the World (3) Golden Voyages (6)
5. Heath (1983)	Catching Glimpses (3) Making Choices (6)
6. Holt (1983)	Never Give Up (3) Riders on the Earth (6)
7. Houghton-Mifflin (1983)	Spinners (3) Beacons (6)
8. Laidlaw (1984)	Whispering Ghosts (3) Voyages (6)
9. Lippincott (1981)	Zooming Ahead (3) Flying High (6)
10. Macmillan (1983)	Full Circle (3) Catch the Wind (6)
11. Scott-Foresman (1983)	Golden Secrets (3) Star Fight (6)

Scoring

Only stories or articles were scored. Thus, poems, plays, games, exercises, reviews and similar material were not evaluated. Such items, however, were always a relatively small part of the total content of each book, since stories and articles usually took up anywhere from 75 to 90% of the pages. A story or article could either be ordinary fiction or historical fiction, or factual as a nature article or a mixture of fact and fiction as in most of the biographies in these readers. Scoring consisted of the P.I. or his assistant reading each story or article in each book and writing a brief summary. All references to religion were specifically noted. Later the P.I. read all the stories and articles scored by the assistant to gain first hand familiarity with the complete sample. The summaries of the 670 items, (stories and articles) scored in these 22 books can be found in Appendix D.

The independent analyst read all the stories in four of the readers to check on the accuracy of the PI's summaries. (The four were selected randomly: 2 from Grade 3 - Allyn & Bacon and Harcourt, Brace, Jovanovich, and 2 from Grade 6 - Houghton-Mifflin and Scott-Foresman.) This analyst (S.A.) found only one story out of 140 that had a reference to religion of any significance that was missed by the PI. This story had one sentence that mentioned the "good Lord". Thus, although a few stray religious references might have been missed in the 22 book sample, these possible oversights would not change any of the major conclusions. In addition, each of the conclusions and results mentioned below were evaluated for accuracy by the independent evaluator.

General character of the stories

All of us are aware of the kind of music known as Muzak. It is the sweet, mushy music one hears played in the background at super-markets, department stores, and when our telephone call has been put on hold. Well, the overwhelming majority of these stories and articles are also sentimental, mushy, and filled with easy vocabulary and simplified expression. That is, the majority of these pieces are to literature what muzak is to music, or what fast food is to real food. In addition, each publisher is very like the other -- for example, there is little to distinguish one Grade 3 book from another.

The stories themselves were of various types. For example, fictional stories entirely about animals or about humans preoccupied with animals accounted for roughly 13% of the sample; another 7% were articles about animals, but of an informative, natural history type, including stories about scientists, e.g., naturalists involved with animals. Thus, roughly 20% of the 670 items were "animal" stories of some kind. Biographical pieces -- often a kind of historical fiction -- plus fictional stories about personal achievement accounted for another 20% of the sample. About 18% of the stories dealt with interpersonal relationships such as feelings, facing tensions, and school based social adjustment. About 16% of the stories were fairy tales, myths, fables, or science fiction; 10% were adventure stories, either true, e.g., Kon-Tiki, or fictional. (This excludes adventures that were biographical or focused on animals since these were counted in those categories.) The remaining 16% consisted primarily of articles of an informative kind on various topics and some miscellaneous categories.

Treatment of religion

For all intents and purposes religion is excluded from these basal readers. That is, there is not one story or article in all these books in which the central motivation or major content deals with religion. No character had a primary religious motivation. Indeed, religious motivation was a significant, although quite secondary concern in only five or six stories or articles. In additional instances, religion entered into a story in a minor or peripheral way, but without any narrative importance.

No informative article dealt with religion as a primary subject worthy of treatment. There were scores of articles about animals, archaeology, fossils, or magic, but none on religion, much less about Christianity. In contrast to the serious neglect of Christianity and Judaism, there was a minor spiritual or occult emphasis in a number of stories about American Indians. One 55 page story featured a typical white American girl on a ranch in California who sought to find her "Indian Heart" (Laidlaw, 6). The girl made several animal fetishes and understood a fetish as capturing the spirit of the animal, e.g. the coyote. She sought out ways to commune with animal spirits as part of her search for her "Indian Heart." Another story called "Medicine Bag" (Laidlaw:6; Lippincott:6) featured an Indian medicine bag passed on from father to son; the bag was part of an Indian youth's "Vision Quest" in which he sought out the meaning of his name. An article about Comanche Medicine Art gives not only interpretation about the artist's paintings, but also information about Indian spirituality (Economy, Grade 6). Misleading comparisons are made in this article with the Bible. For example, "A prophet [in the Bible] was said to have come from another world, or Heaven, to give People on Earth vision, or a reason for being. . . people you call saints or disciples wrote down what they 'saw' through your prophets" (p. 87).

This quote implies that prophets come from another world -- a serious misrepresentation of the Judeo-Christian concept of a prophet. Perhaps the author is referring to Jesus as a prophet, if so this raises even more disturbing issues.

But to give a more detailed picture of how religion was treated, those few stories that did mention Christianity or Judaism will be described. There was something of a small Roman Catholic theme. First, A biography of the Mayo brothers and their establishment of the Mayo Clinic mentioned that an order of Catholic nuns was instrumental in setting up the Mayo's first hospital, called St. Mary's (Allyn and Bacon:3). Second, A story featuring Joliet and Marquette mentioned that the latter was a Catholic priest (Heath:3), and a story on the animals of China mentioned a French priest-naturalist, Fr. David; (Houghton Mifflin:6). Third, One story mentions an Hispanic artist who among other things drew a nativity scene (Economy:6); an article on masks mentions masks in South American religious festivals and identifies Mardi Gras and Lent (Allyn and Bacon:6). Fourth, A story about the famous battle at the Alamo described as a mission church in Texas had a young boy refer to his family's church and to Our Lady of Guadaloupe and had the boy's mother praying for the safety of her Hispanic husband, the boy's father, during the battle (Houghton Mifflin:6) . Keep in mind that even in these stories the actual numbers of lines having such a religious reference was small and these references were descriptive -- without clear religious content. Thus these references are to secondary aspects of religion. The exceptions to this were the Mayo story, and especially the Alamo story in which the mother actively prayed and the son made a positive comment about "Our Lady of Guadalupe" and about his own church. The religious meaning of these actions, however, is somewhat ambiguous since the mother's prayers were ineffectual and her husband was killed along with the rest of the defenders.

A story by the Jewish writer Isaac Bashevis Singer set in 19th century eastern Europe in a small village had something of a religious theme (Macmillan:6). It takes place at Hanukkah time and involves a Jewish boy who gets lost for three days in a blizzard with the family goat. He is saved by finding a haystack in which to sit out the storm and by the goat who keeps him warm and supplies milk. After the storm he returns home. Once in the story he prayed -- but God is not mentioned. The celebration of Hanukkah is an important background context for the story, but the religious and political meaning of Hanukkah is not given and for most readers it could be just an undescribed ethnic holiday. There was also a brief selection from a story about two Jewish girls hidden in the home of a Dutch farmer (MacMillan:6). Except to note once that the girls were Jewish there was no other reference to religion.

There is another Jewish story that centers on the mother making gefilte fish (from a live carp kept in the bathtub) for Passover (Allyn and Bacon:3). God is mentioned once, but no reference is made to the religious meaning of Passover, and the focus of the article is on the poor fish. Passover, like Hanukkah in the previous story, could be a strictly secular ethnic holiday as far as the text is concerned.

Religion gets a neutral or positive mention in a few stories on black history or black life. One story refers to information in the family Bible of Benjamin Banneker (Lippincott:6); another (Houghton Mifflin:6) refers to the "good Lord" once; and a story about a black teenager who bought and repaired an inner city house, mentions that his father was a minister (Economy:6). A third story is a history of the origin and development of Jazz (by far one of the better pieces in all 22 books). This history correctly and positively identifies the importance of the black church for the development of Black music (Lippincott:6). A story about anthropologists in Africa mentioned that missionaries had brought Christianity to some members of the tribe (Holt, Rinehart, & Winston:6). A story on Harriet Tubman helping slaves escape via the underground railway mentions her prayer to the Lord and two ministers, one a Quaker, as important in the escape (Houghton Mifflin:6). Finally there is a biographical story on the life of Martin Luther King, Jr. that mentions he was a minister, discusses his going to seminary and quotes his "thank God, I'm free at last" speech (Houghton Mifflin:6).

There is one piece whose preface mentions that the story is about a Mennonite family in America that fled Russia to avoid religious persecution (Houghton Mifflin:6); and a story about pioneer life on the prairie describes Christmas as a warm time for special foods (Houghton Mifflin:6). This is really not a religious reference since the text notes Christmas as a time for "thought and thanksgiving," and no religious meaning is given. There is one King Arthur tale that refers to the Bible, a cathedral, and an archbishop (Holt, Rinehart, & Winston:6).

In the preceding examples, one sees the same pattern found in the social studies text books -- namely (1) no major Christian or Jewish religious motivation at all and almost no serious representation of religion; (2) the complete omission of any typical active Protestantism, but a small number of "minority" religions, e.g. Catholic, Jewish, Black, Mennonite do get some clear positive representation; and (3) the few references to religion are mostly descriptive and neutral, that is, secondary religious references (as in Table 3). For example, even in the relatively religious biographical piece on Martin Luther King Jr., there is no reference to how Christian ideas or the life of Jesus effected him. (The name "Jesus" doesn't occur in these books.)

Besides the cases already noted there were two stories each with one sentence that mentioned that a major character prayed at a time of extreme danger: one when two boys thought they were lost on an iceflow; the other story mentioned prayer at a brief moment in which a boat carrying immigrants from Ireland has trouble in a storm (Houghton Mifflin:6, p. 427; Laidlaw:6). No reference is made to how or to whom they prayed, however. And finally there was another story in which a man rescued after days of living alone on a large iceberg, shouted in German his delight in being rescued, "Gott im Himmel" (Houghton Mifflin:6).

In addition, there were a few references to God or Christianity that were critical or so neutral as to be implicitly negative. There is a story of Maria Mitchell a woman astronomer in 19th century America with a strong feminist message that also refers somewhat critically to Christianity in the context of the trial of Galileo -- she visited the Vatican Observatory. This story also refers to "The Book of Nature and the Book of God" implying that nature is not also the book of God (Lippincott:6).

In a story about the first voyage of Columbus, after much struggle and anxiety, Columbus finally discovers the new world and names the island "San Salvador." This expression is the only Spanish in the story and is not translated or explained. A story on the life of the Spanish explorer Estevan mentioned that every few days he sent a message back to the rest of his Spanish party by way of the local Indians. He sent a small cross (two sticks tied together) if he had found things of minor interest and a large cross if a major discovery had occurred. The cross was, in this case, at least apparently a sign with no religious meaning, however. (Both of the above stories were in Harcourt, Brace, Jovanovich:3.) There was also a science fiction story (Holt, Rinehart & Winston:6) set in the southern mountains (U.S.) that referred to church and church goers somewhat critically.

Religions other than Christianity or Judaism got relatively frequent mention. For example Greek or Roman religion was part of 6 stories; ancient Egyptian, Polynesian and other pagan religions came up in 6 additional stories; two stories, not especially religious, were attributed to Buddha. American Indian religion was featured quite positively in 5 stories and 1 article. But, no Bible stories occurred in these books, not even David and Goliath.

Finally, to bring treatment of religion to a conclusion, let us note the books especially neglectful of traditional religion as well as any especially strong in treating religion. The following texts either had no reference at all or had only minor neutral or negative references to any of the following three major religious categories: God, Christianity, Judaism. Allyn and Bacon:6; Economy:3 and 6; Ginn: 3 and 6; Harcourt, Brace Jovanovich: 3 and 6; Heath: 3 and 6; Holt, Rinehart and Winston:3; Houghton-Mifflin:3; Laidlaw:3; Loppincott:3; Macmillan:3; Scott-Foresman: 3 and 6. That is, 16 of 22 books or 72% completely fail even a minimum test with respect to reference to God, Christianity and Judaism. Of the remaining books five were saved by a mere one or two very modest references. Beacons (Houghton-Mifflin:6) had by far the largest number of stories representing God and Christianity. It had nothing on Judaism or representative Protestantism, but it did introduce religion into 8 of the books 40 pieces and thus it was by far the best of those analyzed.

Other biases in these 670 stories and articles relevant to the present study are also of note.

a. Lack of patriotism. There were only five stories in these books with any patriotic theme. The story of the ride of Sybil Ludington in 1777 was given three times. Dressed as a man she warned local pro-Independence farmers about a Britisn threat (Allyn and Bacon:6; Houghton Mifflin:6; Macmillan:6). This story was primarily a feminist piece and a replacement of Paul Revere's ride, and it had little of a specifically patriotic character. There was a story of Mary, a black girl who wanted to join the army and helped bring food to George Washington's troops during the harsh winter at Valley Forge (Holt, Rinehart & Winston:3); and a story about an American boy during the revolutionary war who captured a British soldier who had been stealing vegetables from his garden (Scott-Foresman:6). From these examples the following conclusions follow. Of the 22 textbooks, 17 (over 75%) did not have one patriotic story. Furthermore, none of the patriotic stories had anything to do with American history since 1780 -- that is nothing for over 200 years. Four of the five stories featured girls and are better described as feminist in orientation, rather than patriotic.

. b. Lack of support for business. The only stories (or articles) having a business theme of any kind were the following. One about a boy who ran a baby-sitting service (Scott-Foresman:6). The story itself, however, was about the silly events of one night he spent sleeping out in a tent with a young boy he was "baby-sitting." There is an article about a black youth who bought a house in a run-down part of town, fixed it up, and became the youngest landlord in Michigan (Economy:6). Here, the emphasis was on good citizenship - and on making it as a young black - not on business success.

There were no stories about Henry Ford, Andrew Carnegie, or any more recent examples of this type. Neither was there a single story in which an immigrant to this country found happiness and success in business or in a profession.

The only actual business success story was one that featured a black woman from Richmond, Virginia, born in 1867, named Maggie Mitchell Walker. This story -- which appeared in three different readers (Heath:6; Holt, Rinehart & Winston:6; Scott Foresman:6) did make the point that she became a successful banker, but the major emphasis was a feminist one. That is, the meaning of her accomplishment was in overcoming prejudice against women. (No white prejudice against blacks was noted since all the characters in the story were black.)

It is also worth pointing out that there were no stories about labor or labor unions either.

In conclusion, then, these stories grossly underrepresented this country's workers and particularly our entrepeneurial business spirit. Indeed, about those Americans who have built and are still building our major industries and businesses there was not a single word.

c. A feminist emphasis. By far the most noticeable ideological position in the readers was a feminist one. This showed in a number of ways. To begin with, certain themes did not occur in these stories and articles. There was not one story that celebrated motherhood or marriage as a positive goal or as a rich and meaningful way of living. No story showed any woman or girl with a positive relationship to a baby or young child; no story dealt with a girl's positive relationship with a doll; no picture showed a girl with a baby or doll.

Even romance received short shrift. Only five stories focused on romance -- one involved two dogs (Macmillan:3), another an O. Henry story about a young man and a young woman who had fallen out over a misunderstanding that the story resolved (Lippincott:6), and a third featured a young black girl who daydreams that a popular singer will fall in love with her (Economy:6). A fourth story had a loving prince win the hand of a princess even though she had apparently changed into a cat (Houghton-Mifflin:6). A fifth story (also Houghton-Mifflin:6) involves a captured Confederate officer. His new wife tries to rescue him from prison (dressed as a man) and almost succeeds. But in the end the officer is killed and she is caught and hanged. Her ghost is said to still haunt the area. The emphasis is more on her daring attempted rescue of her husband (i.e., feminist) than on romance. Great literature, from Shakespeare to Jane Austen to Louisa May Alcott is filled with romance and the desire to marry, but one finds very little of that in these texts.

There were role-reversal romances of sorts. For example, there is a story of a princess who sets out to slay the dragon in her kingdom: she invents the first gun and with it shoots and kills the dragon. The slain dragon turns into a prince who asks the princess to marry him. She rather casually agrees but only if her new kingdom has lots of dragons in it for her to slay and lots of drawbridges for her to fix. She wants to keep busy at such things. ("Young Ladies Don't Slay Dragons," Holt, Rinehart & Winston:6.) There was not one story of a prince rescuing a princess or slaying a dragon.

Stories set in the past featuring sex-role reversal and mockery of traditional stories about kings and queens or about young men rescuing maidens were surprisingly common. Examples are: "The Queen who Changed Places with the King" (Scott Foresman:3); "The Practical Princess" (Holt, Rinehart & Winston:3); "The Queen who Couldn't Bake Gingerbread" (Ginn:3); "Castle Under the Sea" (Ginn:6); "The Last of the Dragons" (Lippincott:6); "The Princess and the Admiral" (Allyn and Bacon:6); "Trouble in Camelot" (Holt, Rinehart & Winston:6). The last three stories are especially hostile toward men and male roles.

The frequent stories of female successes in these books are all in traditional male activities and couched in very masculine vocabulary. For example, there are many stories about women fliers, e.g., Amelia Earhart, Harriet Quimby (Ginn:6; Harcourt, Brace, Jovanovich:3; Laidlaw:6; Lippincott:6; Macmillan:6). There is only one story on the Wright Brothers and it is one page in length (Macmillan:6), and nothing on Charles Lindberg or any other male aviation pioneer. The stories about women pilots use such words as "courage," "daring," etc. while those about men almost never use this vocabulary.

There are also explicitly feminist stories such as those about leaders in the women's movement, e.g., Elizabeth Blackwell (Allyn and Bacon:6) the first female M.D.; Elizabeth Cady Stanton (Houghton Mifflin:6); etc. These stories are much more factual than the feminist fiction pieces and address an important historical movement. Because they are honest and straightforward in their purpose they contrast sharply with the manipulative and wish fulfullment quality of the many other feminist stories and articles.

Other examples of strongly feminist stories were the following: a story about a new kid on the block who wins at "King of the Hill" and other boyish activities but turns out to be a girl! (Allyn & Bacon:3); a dog sled race between a girl and a boy where the girl turns back to rescue the boy when he gets in trouble and still manages to beat him to the finish line (Harcourt, Brace, Jovanovich:3). Then there is the story of the star baseball player -- a girl -- who is in a hitting slump because her favorite "Rusty McGraw" bat is missing. Her friend, a girl detective, solves the problem by finding that a boy has stolen it so he could make the first team instead of the girl. At the end she gets her bat back and hits two home runs (Heath:3). Another example is the story in two readers of the girl "Trail Boss" who drives longhorn cattle back from Texas to Illinos (Ginn:6 and Laidlaw:6), etc., etc.

There are other types of feminist bias in these books, such as stories that misrepresent history by referring to women judges, merchants, and soldiers at times and places where in fact there weren't any. In one astonishing instance, an Encyclopedia Brown mystery is rewritten. (Encyclopedia Brown is a boy detective in a series of stories that are popular with children.) The rewritten story changes Encyclopedia to a girl (Laidlaw:3). Some kind of feminist emphasis chracterizes approximately 10% of the stories and articles in the sample, that is, 65 to 70 items, and the bias is especially heavy handed in at least 40 of them.

Conclusions

When one looks at the total sample of 670 pieces in these basal readers the following findings stand out. Serious religious motivation is featured nowhere. References to Christianity or Judaism are uncommon and typically superficial. In particular, Protestantism is almost entirely excluded, at least for whites. Patriotism is close to nonexistent in the sample. Likewise, any appreciation of business success is essentially unrepresented. Traditional roles for both men and women receive virtually no support, while feminist portrayals regularly show women engaged in activities indistinguishable from those of men. Indeed, clear attacks on traditional sex roles, especially traditional concepts of manhood, were common.

The above characteristics taken together make it clear that these basal readers are so written as to represent a systematic denial of the history, heritage, beliefs, and values of a very large segment of the American people.

FEDERAL STUDY ON FAMILY

Senator WEICKER. No. 3, just to tidy up the loose ends on this, Mr. Bauer, you have been selected by the administration to head up a major Federal study on family. How long are you going to be involved in the study? Who is going to be paying your salary during that time?

Mr. BAUER. This is a working group, Mr. Chairman, pretty much similar to other working groups that the administration sets up periodically under the Cabinet council system. I will be doing those activities in my spare time. We have had a couple of meetings.

Senator WEICKER. Who will be performing your duties at the Department of Education?

Mr. BAUER. I will be performing those.

Senator WEICKER. You will be there also.

Mr. BAUER. Absolutely. If I may elaborate. We have had two meetings of our working group so far, and we have scheduled those after hours in order to avoid any pulls on the time. If I think that I cannot do the responsibilities of both, then, obviously, the administration would have to take some other steps.

OFFICE FOR CIVIL RIGHTS BUDGET DECREASE AND 504 ENFORCEMENT

Senator WEICKER. My last question in this realm is for the Secretary. We discussed 504 and its enforcement. I wonder if you could tell me why it is that the travel budget for the Office for Civil Rights has been cut approximately 10 percent every year for the last several years. They are responsible for the enforcement of 504, and I note that your travel budget received a 50-percent increase?

Secretary BENNETT. Sure.

Senator WEICKER. I would like you to comment to that, as to why civil rights was cut, and the Secretary was increased by 50 percent.

Mr. BAUER. We have been relying on our regional offices to handle a lot of the monitoring work, and so forth, that previously had been done by individuals sent out of the Civil Rights Office here in Washington.

INCREASE IN SECRETARY'S TRAVEL BUDGET

Secretary BENNETT. All of our offices have been cut. My office has not been cut because I have been doing a lot of traveling, and I plan to continue to do a lot of traveling, because I think that it is important in doing my job to get around the country. But, because of salaries and expenses restrictions, and travel restrictions, we have had to tighten up our travel throughout the Department.

Senator WEICKER. Except for yours.

Secretary BENNETT. There is a notion, I think I agree, we talked about it among the senior staff, that if the Secretary can go, it is preferable to the Assistant Secretaries going. It has been very educational for the Secretary to go where he has been going and to see the things he sees.

Senator WEICKER. So even though the view is clearly held by those who are responsible that there is enforcement lacking in 504——

Secretary BENNETT. We want to respond to that.

Senator WEICKER [continuing]. The civil rights travel budget is being cut by another 10 percent, we find yours being raised by 50 percent.

Secretary BENNETT. I am not sure about those figures. Can we respond to the detail?

504 ENFORCEMENT

Senator WEICKER. Is any portion of your work involved in the enforcement of 504?

Secretary BENNETT. Not in the specifics, of course, of 504. A lot of the work on the road is questions and discussions about civil rights enforcement.

Senator WEICKER. Senator Hatfield.

LITERACY

Senator HATFIELD. Mr. Secretary, could we talk a little bit about literacy.

Secretary BENNETT. Yes, sir.

Senator HATFIELD. How important do you see this problem of illiteracy today, and could you give us your most recent statistics on it?

Secretary BENNETT. Yes, sir; the problem is important. There is a lot of discussion around today about adult illiteracy, as I am sure you are familiar, and lots of numbers are thrown around. Nobody has an accurate figure for this. Mr. Kozol in his book talks about a number of 30 to 40 million, and we think that is too high, but again nobody knows for sure.

LITERACY DEFINITIONS

When talking about literacy, I think that definitions are important. If you talk about minimal literacy, that is the ability to read and to write, and to follow the most basic instructions, we have reason to think that this is very high. Our literacy rate is very high, something like 98 or 99 percent.

If you then talk about something that we call functional literacy, the ability to follow through a more sophisticated kind of direction and instruction, to read and understand a contract, a warranty, these kinds of things, the numbers of illiterates increase. We don't know how high, but maybe from 2 percent to 15 percent of the population.

This is in some ways a new field for American education research. A lot of work is being done, and we will have a lot better figure soon.

DEPARTMENTAL EFFORTS TO ADDRESS ILLITERACY

We are doing two things, principally, at the Department. We have about $104 million, I think, in our Adult Education Program. We have one office for this, and one person is in charge of it.

Mr. BAUER. This is basic education.

Secretary BENNETT. We are working very closely with the private sector. Mrs. Bush, as you know, is very deeply interested in this question. We have had a series of breakfasts and meetings, and have met principally with the major movers in the private sector—Dalton booksellers, McGraw-Hill, and some others.

I am going through this very quickly, and we can elaborate later.

The other part of it is prevention, and I think that is probably where, at least, I am putting more of my energy in terms of speaking about it, and trying to draw attention to it. That is, concentrating on the prevention of illiteracy by concentrating on efforts that should appropriately be made in the schools at the elementary and secondary level.

Nothing distresses us so much than to hear that a student graduates from high school and is a functional illiterate. This cannot be.

PUBLICATIONS ON LITERACY AND READING

Two things, principally. We put out a report called "A Nation of Readers," about 6 months ago, and we put out this more recent report called "What Works." Both of them talk a great deal about literacy and about reading. The general conclusion is this: If you did for all children what you did for some, you could effectively prevent illiteracy in toto. We know how to teach children how to read, and it should be the prime educational function for the first few years in school, and it hasn't been always or even recently. That is where we are putting our thrust and our emphasis.

STATISTICS ON ILLITERACY

Senator HATFIELD. You refute, or at least minimize the studies made by people who have published those studies and have found that some 27 million illiterates, 1 out of 5 adults, are functionally illiterate.

You seem to challenge those statistics. What comparable or comparative data base do you have to challenge those statistics?

Secretary BENNETT. I think that it would probably be better if I submitted, for the record, a number of studies, a number of counterestimates, if you will, to what Mr. Kozol cited. I think the sort of thing that Mr. Kozol is doing in general is fine. It is in the great American tradition of calling attention to a problem by making a very emotional and dramatic presentation of the problem. A number of scholars in the field have questioned his statistics, but that doesn't mean that his point isn't valid. The point that we should do whatever we can to eliminate illiteracy is certainly true. But there are a number of other studies that we could cite which, I think, would suggest that his numbers are a little high. Whatever they are, though, whether it is 27 million or 15 million, if any significant percentage of adult illiterates are graduates of our schools, we have a problem.

Senator HATFIELD. I would be very interested in having that material for the record because it is not only Mr. Kozol's study which identifies the marginally literate. He has found in his study, that around 60 million are marginally literate, and 27 million are functional illiterates. As I recall, some of the testimony of your predecessor, Secretary Bell indicates the same as the Kozol findings. I don't recall him challenging the basic data that we have been assuming to be correct.

[The information follows:]

STATISTICS ON ADULT ILLITERACY

The most recent study of adult literacy is the "English Language Proficiency Study," which was commissioned by the Department of Education and conducted by the Bureau of the Census in the fall of 1982. The study consisted of simple written tests of English comprehension administered in the home to a national sample of 3,400 adults, ages 20 and over.

The study shows that between 17 and 21 million U.S. adults are illiterate, and that many of those adults are located in our major cities, are immigrants, and rely on a non-English language. Nearly one-half of all adults using a non-English language at home failed the test of English proficiency. More specifically:

Of all adults classified as illiterate:

—41 percent live in central cities of metropolitan areas, compared to just 8 percent in rural areas;

—44 percent are age 50 or over (although this age group constitutes only 23 percent of the adult literate population); and

—37 percent speak a non-English language at home.

Among native English-speakers classifed as illiterate:

—70 percent did not finish high school;

—42 percent had no earnings in the previous year; and

—35 percent are in their twenties and thirties.

Among illiterate adults who use a non-English language:

—82 percent were born outside the United States;

—42 percent live in neighborhoods where exclusive reliance on English is the exception rather than the rule;

—21 percent had entered the United States within the previous 6 years; and

—About 14 percent are probably literate in their non-English language (judging from their reported education).

U.S. INTERNATIONAL LITERACY RANKING

Senator HATFIELD. Also, when you translate that data into the world picture, as I recall, Mr. Kozol's study indicates that we rank about 49th out of 158 for the United Nations. Forty-ninth is a very, very poor rating for a super power. We may have A-bombs, but we are 49th in literacy. It seems to me that we ought to be concerned about that enough to launch some kind of a major attack on it.

Secretary BENNETT. Yes, sir.

FUNDING LEVEL FOR ILLITERACY

Senator HATFIELD. Do you feel that your funding levels are adequate? Let's assume for the sake of our discussion, this is a major problem facing this country from a national defense point of view; from an economic point of view in terms of lost productivity. The inadequacy of skills necessary for productive roles for citizens who otherwise end up on welfare, or who fall into crime are of concern. There is at least some relationship between crime and literacy. Do you think that your funding levels for such programs to promote literacy are adequate?

Secretary BENNETT. Yes, sir; I think they are. Again. I think we are in the early stages of knowledge, reliable knowledge about this field, but the main centerpiece of the elimination of illiteracy has to be schools in general.

When you listen to the stories by the volunteers on adult literacy, they will tell you the difficulties they have. One of the difficulties is locating the people; second, getting them to come to a literacy center, or any other kind of place where the work is done. When you hear those stories, it strikes you how much more, at least logistically, easy it would be to respond to this issue by addressing it in the schools when you have a captive audience because of compulsory education, and when the state of the art is such that we know how to do it, and we can do it in a finite period of time.

I think at the present time, given the present circumstances, our adult literacy effort is adequately funded. I think our school effort is also adequately funded if we spend the time doing what we know how to do, rather than using methods and approaches which don't work.

CHAPTER 1 ROLE IN ILLITERACY INITIATIVE

Senator HATFIELD. Moving from adult literacy back to younger levels, what about the compensatory program for disadvantaged children? Do you relate that into this battle against illiteracy?

Secretary BENNETT. One-half of it is an illiteracy initiative in that sense. I don't know if one-half is exactly right, but $3.5 billion or $3.7 billion. What we are doing is providing educational services, supplemental educational services for children who are behind in reading or math scores. One-half of it is reading, which could be considered a major literacy initiative.

Senator HATFIELD. Do you think that it is a valid program?

Secretary BENNETT. Yes, sir.

CHAPTER 1 SERVICE RECIPIENTS AND ELIGIBLES

Senator HATFIELD. How many people does it serve in the total eligible groups?

Secretary BENNETT. It is about 4.8 million.

Dr. CARNES. It is 4.8 to 5 million.

Senator HATFIELD. Which is about 31 percent.

Dr. CARNES. No; it is about 75 percent to 80 percent of those that we estimate to be eligible for the service.

Senator HATFIELD. Could I have some data base on that? My understanding is that this program today is serving only about 31 percent of those eligible.

Dr. CARNES. No; that is not accurate.

Secretary BENNETT. We will give you the information.

Dr. CARNES. We estimate the eligibles to run in the neighborhood of 6 to 7.1 million.

Senator HATFIELD. I would like to have that information.

[The information follows:]

CHILDREN ELIGIBLE FOR CHAPTER 1 SERVICES

We estimate that between 6 to 7.1 million children are eligible for chapter 1 services. This range is derived from two perspectives:

Children from low-income familes.—In the 1983–84 school year almost 8 million children from low-income families were counted for allocation purposes. We assumed that about 75 percent, or 6 million of these children are educationally disadvantaged (that is, 1 or more years below the grade level appropriate for their age), and, therefore, eligible to participate in the program.

Children below grade level.—A significant number of children are educationally disadvantaged but are not poor. About 10.2 million, or 23 percent, of the students enrolled in elementary and secondary schools are educationally disadvantaged (1 or more years below grade level). Many, but not all, are from low-income families. Assuming that 70 percent of these children live in low-income areas that receive chapter 1 assistance, then the number of eligible children would be around 7.1 million.

Remember that the program is designed to serve children who are educationally disadvantaged and who reside in low-income areas. School districts ultimately determine who is educationally disadvantaged. The actual child selection process is based on an assessment of needs that is conducted by each LEA. Because the selection criteria used vary from district to district, the number and types of children also vary.

In the 1983–84 school year (the last year for which actual data exist), chapter 1 served slightly over 4.8 million children. Based on our estimates of the eligible population, this would mean we are providing support for between 61 and 81 percent of all eligible educationally disadvantaged children.

CHAPTER 1 FUNDING REQUEST

Senator HATFIELD. Let me ask this. What is the request level for this program in comparison to the current level of funding?

Dr. CARNES. We have requested the same level of funding as was enacted in 1985 and 1986. It is the Basic State Grant Program.

Senator HATFIELD. So you have not asked for any increase.

Dr. CARNES. No, sir; we have been able, however, even though we are decreasing the total budget, to hold that program steady.

Ms. CHRISTENSEN. We do have an increase, Senator Hatfield, for basic State grants, which is the big program that serves these children, because we have a proposal for offsetting costs in migrant education, and those children will also be served there.

Senator HATFIELD. By cutting migrant aid.

Dr. CARNES. But that will be folded into the basic grant.

Ms. CHRISTENSEN. That is only a part of it. We still have a substantial increase.

Senator HATFIELD. What is the application of Gramm-Rudman to your current level?

Dr. CARNES. Gramm-Rudman does have an effect, if that is what you are asking, in terms of just a reduction of dollars.

Ms. CHRISTENSEN. It is $159 million in total.

Senator HATFIELD. You are requesting that level minus Gramm-Rudman?

Dr. CARNES. We are asking that it be restored.

Senator HATFIELD. You are restoring the Gramm-Rudman reduction.

Dr. CARNES. Yes, sir.

RELATIONSHIP OF DRUG ABUSE TO LITERACY

Senator HATFIELD. Do you see a relationship between the issue of drug abuse and problems of illiteracy, Mr. Secretary?

Secretary BENNETT. Yes, sir; the drug problem is a very serious problem, and it is probably getting worse, not better. I just recently completed a trip, from the travel budget that we were just discussing. I went to Los Angeles, Phoenix, Tucson, and Las Vegas for a number of education events, and on each stop on the road, I talked to police officers who were assigned to the schools, some of them undercover police officers, and their reports were very alarming.

I decided to do this on the basis of some statistics that we got that argued that something like 17 percent of our high school seniors now take or have taken cocaine. The statistic following that, which is based on some informal survey data, suggested that about one-half of those students said they bought their drugs at school.

I was asking the undercover agent and a number of the school people with whom I met, how prevalent drugs are in school—I am sorry, I am not speaking directly to your question, but the point is, school administrators will tell you, or many will tell you, that if you have drugs in school, and kids in school, you can pretty well write them off in terms of learning anything.

Senator HATFIELD. So those are two interlinked problems that have to be addressed in a dual approach; is that not true?

Secretary BENNETT. Yes, sir.

Senator HATFIELD. It is not an either/or situation.

Secretary BENNETT. No, sir; absolutely not. You have to achieve literacy, and you have to get the drugs out of the schools. You had better do the latter first.

RELATIONSHIP OF LITERACY TO NATIONAL DEFENSE

Senator HATFIELD. Mr. Secretary, one other question. How do you relate literacy to the issue of national defense?

Secretary BENNETT. In the most general terms, I guess, Senator, a literate citizenry will mean an informed citizenry, which since Jefferson we have believed is one of the essential prerequisites of defense.

Second, in a more commonplace way of thinking, I guess, a literate citizenry is a citizenry that is going to be able to follow instructions and directions, and read manuals, in order to provide the machinery, the materiel of the national economy, and if necessary, the machinery and materiel necessary for engaging in self-defense.

Senator HATFIELD. So education, literacy as a byproduct of well educated people, really represents a component of our national security, our national defense.

Secretary BENNETT. It represents a component of our national security and our national defense. There are too many examples in history of uneducated people being slave to the State who managed to constitute an effective fighting force, but that is not what we have in mind in this country.

Senator HATFIELD. Mr. Secretary, in computing out the resources that are limited in this country—human resources, natural resources, financial resources—do you see the need today to try to broaden the understanding of the American public, as well as the leaders of Government, in recognizing this basic matter that education is a fundamental component of our national security?

Secretary BENNETT. I would say this, Senator, I think it is very clear that education is a very important part of not only our national security, but of our general sense of well-being, of what this society is all about.

Senator HATFIELD. The pursuit of happiness.

Secretary BENNETT. Yes, sir; I find that view so widely shared among the American people that I would hesitate to say that I need to instruct some about it. Everywhere I go, and I go to a lot of places, this is an issue about which Americans care very deeply.

As I say a lot of times, at the beginning of speeches, everybody knows a child or has a child or cares about a child. This is not something that you have to tell the American people to worry about.

Senator HATFIELD. But you see, the problem we face, Mr. Secretary, is trying to allocate financial resources through the process of 13 subcommittees.

Secretary BENNETT. Yes, sir.

Senator HATFIELD. Oftentimes, we get locked in, and sometimes Members of Congress and others, think that the Defense Subcommittee which handles only the budget for the Pentagon constitutes the entire budget of national defense. And in order to meet those increased requirements or requests, we have to cut all other programs that might be called, in the broad nomenclature of bureaucracy, discretionary, nondefense programs. That is really a misnomer, isn't it; to think of all other programs, besides the Pentagon budget, as being nondefense programs?

Secretary BENNETT. In some general sense, but you need to call things by some name. If you called all of our programs defense programs, you would still have to have a name for something that provides for the military, the research in weapons, and so on.

ELEMENTS OF A STRONG NATIONAL DEFENSE

Senator HATFIELD. How would you respond, if I were to ask you, what is national defense in your mind? What constitutes the security of the Nation?

Secretary BENNETT. First, men and materiel in the current world in which we live; and I would say, in the world in which we live, a substantial capacity to defend oneself and to inflict harm on the enemies.

Senator HATFIELD. An adequate military arsenal, that would be one.

Secretary BENNETT. Great, that is much better than I put it.

Senator HATFIELD. That is important. What else?

Secretary BENNETT. To our defense?

Senator HATFIELD. What else constitutes our national defense?

Secretary BENNETT. A knowledge of our rights and responsibilities. A knowledge of the ways in which the kind of society and country we have is unique in the history of the world, and how it is threatened by many other kinds of nations.

Senator HATFIELD. Where do we look for that knowledge, and the development of that knowledge?

Secretary BENNETT. Education.

Senator HATFIELD. Education.

Secretary BENNETT. Yes, sir.

Senator HATFIELD. Public education, private education, higher education, special education, vocational education.

Secretary BENNETT. Yes, sir.

Senator HATFIELD. The whole gamut.

Secretary BENNETT. Yes, sir.

Senator HATFIELD. What else constitutes our national defense besides military arsenal and adequacy of education?

Secretary BENNETT. The strength and resolve of our people.

Senator HATFIELD. The strength and resolve of our people, but what about an infrastructure? The Nation's infrastructure; is that a component?

Secretary BENNETT. Are you talking in general or spiritual terms?

Senator HATFIELD. No; 33 years ago last month, a five-star general, who was the President of the United States at the time, went out to Topeka, KS, and launched his interstate highway system, and he said that he was not launching a system of transportation, he was launching a program of national defense.

Secretary BENNETT. Yes, sir.

Senator HATFIELD. The Nation needs a strong infrastructure to tie it together for the security of the Nation. Would you agree with that?

Secretary BENNETT. Sure.

Senator HATFIELD. Would you agree with President Eisenhower who said, "We also need a very strong and productive economy every bit as much as we need the adequacy of the military arsenal for our national defense?"

Secretary BENNETT. We certainly need a strong economy. I think that we can lay all of these things out and say that they are all important to the well-being of the country and the defense of the country, but there are times when one needs to choose among priorities.

ASPECTS OF VULNERABILITY IN NATIONAL SECURITY

Senator HATFIELD. Where would you find, if you were to analyze America's defense and America's security today, vulnerability?

Secretary BENNETT. The unwillingness of some of our leaders to recognize the threat that totalitarian regimes pose to us.

Senator HATFIELD. Where else?

Secretary BENNETT. That would be the major one, not the American people.

Senator HATFIELD. You see the decaying infrastructure as a vulnerability?

Secretary BENNETT. I don't know much about it. It could be.

Senator HATFIELD. We need $200 billion to upgrade our Interstate Highway System. Our waterways are decaying. When the St. Lawrence Seaway has a big chunk falling into the water, blocking commercial traffic—as one bit of evidence of a decaying infrastructure—would you not think that this is vulnerability?

Secretary BENNETT. Sure. It would be important, but what is more important is if the leadership loses the resolve to defend the Nation, not to recognize the threat under which we live.

Former Senator Jackson, Scoop Jackson, if I may, used to say, Norway was a great country, very proud of all its natural wonders, and the things that had been built with human hands through the efforts of that society. He pointed out, what did it all come to, when the hobnail boot landed in Norway. It was all gone, at least for a while.

Senator HATFIELD. On the flip side of that, with all the will that the people may have, if they don't have the tools to defend themselves, this is as inadequate a defense as the adequacy of all other things without a will.

Secretary BENNETT. Yes; we need those tools.

ILLITERACY AS ASPECT OF VULNERABILITY

Senator HATFIELD. Would you consider that education is an aspect of vulnerability today to our national security, with whatever figure of illiteracy we may choose to identify the illiteracy issue?

Secretary BENNETT. Yes; where there is illiteracy and where there is inadequate education, it is a weakness in our armor.

Senator HATFIELD. In these vulnerabilities, bigger bombs and bigger weaponry do not compensate for those vulnerabilities, do they?

Secretary BENNETT. No; they have to be developed independently, but if you don't have the bomb, the big bombers, your efforts at literacy may not come to much.

Senator HATFIELD. Let me ask you——

Secretary BENNETT. We would be an occupied country.

Senator HATFIELD. On the contrary, if we had all the biggest bombs in the world, 10 times bigger than the Soviet Union, and we still had these high illiteracy levels, we would have a vulnerability, wouldn't we?

Secretary BENNETT. Yes, sir; but we might still argue that we were surviving in freedom, an illiterate freedom, which is not as good as a literate freedom, but it would be freedom. That is better than literate tyranny.

Senator HATFIELD. But, you see, the premise is that you can maintain freedom with military weaponry alone.

Secretary BENNETT. No, sir; I don't think any American believes that.

Senator HATFIELD. Good. I am glad to know that we are not as far apart as I thought we might have been.

Thank you.

Senator WEICKER. You are still quite a bit apart on the budget, I can assure you. [Laughter.]

Senator HATFIELD. I assumed that.

Senator WEICKER. One question, and then I am going to turn to Senator Chiles, and let him take a little extra time, since he is having a difficult time jumping back and forth.

EDUCATION FOR THE HANDICAPPED BUDGET REQUEST

In your budget summary, Mr. Secretary, for the Education for the Handicapped Program, you describe your proposal to fund basic State grants in 1987 at the 1985 appropriated level, which is $80 million below the 1986 appropriated level, in the following manner:

> Maintaining this program at the 1985 level demonstrates the administration's commitment to assisting the States in providing services to handicapped children.

By your Department's own estimate, $1.239 billion would be needed in 1987 to maintain the State grant program at the 1985 level, which is $104 million more than the amount you are proposing. My dictionary defines the word maintain as to continue, to carry on, to keep up, to preserve. How does funding education for the handicapped State grants at the 1985 appropriated level maintain the program?

Secretary BENNETT. I would say, Senator, in the context of the reductions that we have to make—my figures, correct me, if I am wrong, Dr. Carnes, that we are in State grant in 1987 at $1.135 billion. Is that correct?

Dr. CARNES. That is correct.

Secretary BENNETT. That is what it was in 1985.

Dr. CARNES. That is correct. The figure that the chairman was using was the current services figure, and we are talking about current level of dollars.

Secretary BENNETT. You can look at the current level of dollars, and inflated dollars, and say that there is some reduction, yes.

This is one, Senator, as you know better than anyone, this is one where the Federal Government mandates and requires a certain level of performance and action from the States. If you see some other place in this budget where we should turn for additional funds here, I am open to it.

As everybody in my senior staff knows, and as Mrs. Will knows, this is an area that we care about a great deal. We are seeking to maintain it as close to level funding as we can, but we have real limitations.

Senator WEICKER. I have a feeling that the Congress will take care of the problem for you, in fiscal terms, and we won't even talk about compassion. I assume that everybody is compassionate, just as I assume that everybody is patriotic.

Mr. BAUER. Me too.

Senator WEICKER. In fiscal terms, the reason why I want the money spent is that I figure that a young adult who gets full rehabilitation is going to be out there as a taxpayer in a couple of years. I figure that a retarded child who is getting early intervention and special education programs is going to be out there in the mainstream of society in a couple of years, and not be a charge of the State. So, in fiscal terms, that is the reason why I want the money spent, and for no other reason. Not because I have a special interest in this, not because I think that it makes great reading, or whatever have you, but strictly in the matter of dollars, that is why the money should be spent.

Secretary BENNETT. OK.

Senator WEICKER. Senator Chiles.

Senator CHILES. Thank you, Mr. Chairman.

LEAD AND TALENTED TEACHER PROGRAM RESCISSIONS

Mr. Secretary, in your budget justification, you indicate that funding requests are focused on four priorities, and the first is activities that promote educational quality. In view of this, how do we explain the three rescission requests for programs which have been enacted in the last several years to promote quality in education. I am talking about programs such as, LEAD, talented teacher, and the portion of vocational education State grant targeted to program improvement. Why are there no funds for those, or for math, science, and foreign language programs?

TEACHER IMPROVEMENT INITIATIVE

Secretary BENNETT. Several of those have been replaced and consolidated with our teacher improvement initiative. Could I ask Dr. Carnes to elaborate?

Dr. CARNES. In particular, Senator Chiles, we would propose subsuming the LEAD Program under our teacher training initiative in our 1987 budget, where we are proposing a significant increase for teacher training activities.

TRAINING OF EDUCATION ADMINISTRATORS

Senator CHILES. What do you have in there to see—to ensure that administrators receive training with these funds?

Dr. CARNES. We are not going to require that somebody go out and train administrators. What we are going to do is to say that individuals who want to train administrators, or administrators who want to do this, can apply to us for funds to do it.

Senator CHILES. Isn't that one of the most important findings of your research that the quality of the education administration really makes the difference at the school level?

Dr. CARNES. A strong principal, a man of strong character, a person of strong character makes potentially the biggest difference in anything that goes on in a school.

Senator CHILES. What assurance can you give me that this program will accomplish what LEAD did?

Dr. CARNES. It is our belief that——

Senator CHILES. You believe that the people will do right with the money if we give them the money.

Dr. CARNES. We believe that people who apply for and seek the money, having the opportunity to do so, will be better and conceivably more dedicated than persons who must do this.

TEACHER AND ADMINISTRATOR TRAINING

Senator CHILES. It seems to me that the Department's objection to programs like LEAD and talented teacher have been in the past that you can do that with the chapter 2 programs. What can we do with this Teacher Training Program that you couldn't do with Chapter 2?

Dr. CARNES. Indeed, with chapter 2, States and localities, if they wish, could engage in these activities. What we are proposing is that this initiative in teacher training would be devoted totally to teacher and administrator training.

Chapter 2 is a broad authority, and, in fact, the States could use both teacher training authority and chapter 2 to do that, if their perception was that they wanted to do both of those activities in that State with both of those sources of funds.

Senator CHILES. I have a concern.

Dr. CARNES. If I could add something, Senator Chiles. Our experience with these programs, when we were at the National Endowment for the Humanities, is that they were extraordinarily successful, and the teachers and administrators who participated in them loved them. They thought that they were outstanding, and they felt that they had made the single biggest difference in their intellectual lives as teachers of anything that they had done since they got out of school, or since they began teaching. These were tremendously successful programs.

Secretary BENNETT. This program, particularly, I think, Senator, dovetails with a lot of research findings about what makes for effective schools in terms of both principals and teachers. It also picks up on the great interest among administrators right now for particular kinds of inservice training and development. So we are coincident with them in terms of the shape of the program complementing and paralleling the interests right now of administrators and teachers.

Senator CHILES. I still have a concern as to whether the money is going to be spent, and what assurance we have that it is going to be spent in that regard.

CORE FEDERAL EDUCATION PROGRAMS

Your second priority for funding is support for core Federal functions, rather than activities of more marginal value and significance. What do you consider to be a core Federal function?

Secretary BENNETT. Chapter 1, chapter 2, special education and rehabilitation services, bilingual education; I am reciting the ones that are held closest to level funding.

Senator CHILES. Do you consider subsidizing private education through vouchers or tuition tax credits, and provisions for equitable participation in Federal grant programs a core Federal function?

Secretary BENNETT. Chapter 1 is certainly a core Federal function, and we think that our bill will make that a more effective program. Also, protecting core functions in the other areas, even where there are reductions, such as in student aid.

Senator CHILES. I guess a core Federal function is, again, a term like beauty is in the eyes of the beholder.

CHAPTER 1 VOUCHER PROPOSAL

Secretary BENNETT. But our proposed shift to chapter 1, if parents wish a voucher, doesn't cost any additional dollars. The dollars are going out for chapter 1 anyway as a priority. It doesn't add any money. We are saying that chapter 1 is a core program of the Department, and then we are also saying that our proposal, our voucher bill, is a better way to deliver it.

Senator CHILES. Then some money is not going to be available for something that is now available in chapter 1, if it is used in the voucher. You can't have it both ways.

Secretary BENNETT. I am not sure that I follow. The voucher will be used for the provision of chapter 1 services.

Senator CHILES. You say that it is not going to cost any more money.

Secretary BENNETT. Right.

Senator CHILES. The money has already been provided in chapter 1.

Secretary BENNETT. Right. The voucher will be equal to a value, a percentage of chapter 1 funds. The voucher will be used for the provision of chapter 1 services.

Senator CHILES. All right, so then that is funds that won't be available for something that it is now being used for.

Secretary BENNETT. No; chapter 1 funds are used for providing supplemental education services to children, and thus they will be used for that under our voucher proposal as well.

Senator CHILES. It is just being done in private institutions.

CHAPTER 1 SERVICES IN PRIVATE SCHOOLS

Secretary BENNETT. No; it is just the delivery system that is different. We already have some 200,000 students in private institutions where they receive chapter 1 services. It is often misunderstood that somehow this bill creates a new right or opportunity to be in a private school using chapter 1 funds, but there are students in private schools who have been receiving these services for 19 years.

Senator CHILES. I understand.

VOUCHERS—INCREASED OVERSIGHT OF PRIVATE EDUCATION?

I have not seen an area that the Federal Government subsidizes where it does not exert some control. Therefore, I have some concern about the voucher proposal, not only in the education of the disadvantaged, but the integrity of our dual system of public and private education. As I see the voucher, is that not going to give the State and local education agencies a lot of oversight on private education?

Secretary BENNETT. We don't think so. We are pretty confident that it doesn't. We had a full hearing on this subject.

Senator CHILES. Can you tell me any areas that you know of where there is a Federal subsidy that goes out without some Federal controls on it?

Secretary BENNETT. Some, as distinguished from too many programs where the schools are overly burdened. Chapter 2, now that it is a block grant, that, I think, is operating pretty well in terms of the States operating autonomously.

Senator CHILES. Do you have any concern that this administration will not be in office forever?

Secretary BENNETT. Yes; I do.

Senator CHILES. Another administration will come along, and if you have a voucher program, that administration will say, well, here are Federal funds, therefore, we ought to be determining how those Federal funds are being spent. We ought to be determining whether everything is just the way we think it should be done, and those might be people, who under some people's scheme, are less patriotic, or for some other reason, than this administration, might give you some problems in the future, might create some problems?

Secretary BENNETT. Again, if that were the basis for the objection, Senator, as I said, there are some 200,000 students in private schools already, who are receiving these chapter 1 services. You can never, it seems to me, preempt somebody overreaching simply by building some feature in now. If there is the will to overreach on the part of the President or Cabinets in the future, there is probably not much that we can do now to prevent that.

OPTIONAL PARTICIPATION BY PRIVATE SCHOOLS

In terms of the public and private schools, this voucher proposal does not change anything in terms of the general picture of providing support to children in those institutions. We have examined it in terms of the legal questions and the constitutional questions, and we are satisfied, and I might note that the Congressional Research Service is satisfied, that it bears up well.

Also, particularly for your question, a private school does not have to participate in this program. It can opt out of this program, and it could do so in the future as well. I don't see the argument that says, so many private schools will get used to these funds because it will become a large basis of support that they won't opt out. I just don't see that happening. I don't see so many students going to private schools with $600 that this is going to become the main source of revenue for private schools.

Most of the students will be going to the public schools that they are going to. The next largest number of those who switch will go to other public schools.

Senator CHILES. I don't know, but I haven't seen many areas be successful in court litigation, or something like that, where they said, we have now decided to opt out, we are not going to participate any more. Once they have participated, I think we are going to find ourselves pretty well bound.

Secretary BENNETT. Look, sir, it is always a concern, you are right, but those who have supported the voucher proposal are among those who are the most sensitive to this kind of a concern, and I think that they are satisfied about the Federal involvement.

U.S. DROPOUT RATE

Senator CHILES. The Nation has about a 27-percent dropout rate according to some studies.

Secretary BENNETT. Right.

EFFECT OF RAISING STANDARDS ON DROPOUT RATE

Senator CHILES. That compares with our foreign competitors like Japan where over 90 percent of the students graduate from high school. Some of the educational reforms to raise standards and graduation requirements, without attention to higher risk students, are making the situation worse in some States. It looks like it is making it worse in my State of Florida.

What are you doing to help States and communities to be aware of this crisis?

Secretary BENNETT. The dropout problem, one can describe it in many ways. I think that one first needs to start historically. It is a lot better situation than we had 30 years ago, or 40 years ago.

Senator CHILES. We were not living in the same kind of world 30 or 40 years ago.

Secretary BENNETT. No; we are not.

Senator CHILES. We had 65 percent of all the industrial base for the world.

Secretary BENNETT. People sure need it now, even more, you are right. We have seen, in the last couple of years, an improvement in the dropout rate, the dropout rate is lowering a little. A wall chart, which is a State-by-State comparison in terms of academic achievement and dropout rates that is announced every year, shows that the dropout rate had diminished in 35 States in the last 3 years.

We would like to be 90 percent or 100 percent, as the Japanese have, but I guess I take issue, to some extent, with the general notion that the raising of standards and graduation requirements will lead to an increase in the dropout rate. Most of our evidence suggests the opposite that, in fact, many people leave school because they think that school is not a very worthwhile activity; an activity that is very demanding and worth the time.

I think there is some pretty good evidence, and we could give you some studies, on how making school a more effective learning environment, raising expectations, and personally encouraging the students to remain, in fact, decreases the dropout rate, and does not increase it.

Senator CHILES. I think that you have a mixed question there. I think certainly that can help, but I think, at the same time, if a student becomes convinced that there is no way that he is going to make it through the system, and there is no provision for giving him help along the way, then he is going to cut.

Secretary BENNETT. Right. I think you are right about that. That—I think I can say this fairly reliably—that the student's determination of his own ability to get something out of school depends to a great degree on what the adults in that school are saying to him.

We find over and over again, particularly in situations where you are talking about poor kids, kids from the lowest rungs of the ladder, those are the kids to whom the exhortation to succeed, and for whom high expectations and the belief that they can and will do good work in school, is the most important.

If you have a situation where you have such a child, and the adults in that school are not saying, look, you really can learn if you apply yourself, he probably is going to drop out. But that is a fault of that building and the people in it.

CONGRESSIONAL BILLS ON DROPOUT PROBLEM

Senator CHILES. What is your position on legislation that has been introduced in both Houses of Congress, to deal with the dropout problem?

I think Senator Specter has a bill, and I have one, to authorize a dropout prevention and information network among the States. You say that there are 35 States that have lowered dropout rates, but I don't know of 10 States that do it the same way. From the statistics, I don't know whether we know if we are improving or going the other way.

Secretary BENNETT. I will take a look at it. I have not looked at it closely, Senator.

DEPARTMENT CONCERN OVER DROPOUT RATE

Senator CHILES. Where does the dropout problem stand in your research priorities for the Department?

Secretary BENNETT. It is high. It is one thing that we talked about in our recent book, "What Works," talking about some of the ways in which affected schools respond to the dropout problem. We want to continue to find, for example, the schools that work in districts, that work in a variety of ways, on the dropout question. It will be a piece of our future inquiries.

TEACHER TRAINING INITIATIVE

Senator CHILES. In reviewing your teacher training proposal, I see a 20-percent discretionary fund in the formula grant to the States. I see a lot of different activities that locals can use the money for. What I don't see is any means for evaluating the effectiveness of the $75 million. How are the States and local education agencies to assess where the greatest teacher shortages are, and where the funds can be used most effectively to fill the gap?

Dr. CARNES. The States will receive an allocation, under a State allocation formula, much as they do under the current Math and Science Program, Senator Chiles. Just as they must do under the current program, which this program would amend and expand, they would have to have a State plan which was approved by the Department, and which could be updated.

Senator CHILES. The formula runs for 3 years. How are you going to know what the Federal dollar investment has accomplished, and whether that would be accomplished by the State and local governments staying with it?

Dr. CARNES. Just as we do in other State programs where we allocate funds to the States, where the States are required not only to develop State plans, but also to report on the progress of their grant activities.

Senator CHILES. Where would you eliminate all the assessments?

Dr. CARNES. I will have to comment on that in writing, particularly on the assessment provision in the current Math and Science Program.

Senator CHILES. Thank you, Mr. Chairman.

Senator WEICKER. Thank you, Senator Chiles.

ROLE AND ACCOMPLISHMENTS OF SECRETARY

I have questions for responses to the record, but I do have to comment upon and suggest exactly what is meant by the following statement. The Secretary's accomplishments in 1985 was leadership and stimulating discussion of education reform, not always related to the Department's grant and loan programs contribution. This leadership has contributed to worthwhile—I emphasize—worthwhile improvements in education.

Examples include: Followup on the National Commission on Excellence in Education, and related studies; speeches, appearances, and discussions about nonprogrammatic issues where the administration has a strong interest; quality of education, dropouts, school prayer, discipline, and illiteracy, tuition tax credits, and additional cases of civil rights.

Would you please explain to me exactly what worthwhile improvements in education have occurred by virtue of your leadership in school prayer?

Secretary BENNETT. It is all of those things in the sense that you are asking me to toot my own horn, so let me try. To this degree, I guess, Senator, let me quote somebody else. Recently, a weekly news magazine said that, "Agree or disagree with Bennett, he is a man who keeps education as a front page issue, and he states his views plainly, and people can agree or disagree. Even his critics acknowledge that the debate is good for education. I think if you have somebody whose job is to be a vigorous proponent of education——

Senator WEICKER. Why don't you go to Cabinet meetings and tell the President what he ought to do about education, that is what your job is.

Secretary BENNETT. I do.

Senator WEICKER. That is reflected in this budget?

Secretary BENNETT. Yes, sir.

Senator WEICKER. I think you are losing the argument just on the basis of the dollar figures.

I will expect, from the Under Secretary, a letter of apology to Senator Harkin. I think, in terms of different points of view, and I accept different points of view and always will, no one's integrity, nor their patriotism is at issue.

Mr. BAUER. I did not question his patriotism. I will review the record.

Senator WEICKER. You will take whatever action is appropriate.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. The questions to which I referred earlier will be placed in the record at this point.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

SECRETARY'S DISCRETIONARY FUND

Question: Are we correct to assume that you funded the top ranked 34? If not, why not? Under the regulations, we understood that the only exception is to improve the geographical distribution of projects?

Answer: We did not fund the top ranked 34 applications because a number of the them were not the best choices. Several of them proposed activities of local or, at best, State-wide significance. Some projects were dependent on the purchase of expensive equipment. Others proposed to conduct activities already amply demonstrated elsewhere or proposed by another applicant at lesser cost. In any case, the Secretary is not required to follow the rank order in establishing an order of selection under the Department's regulations for new grants selection. Section 75.217(d) of the Education Department General Administrative Regulations (EDGAR), at 34 C.F.R. provides:

> "The Secretary then determines the order in which applications will be selected. The Secretary makes these determinations on the basis of the selection criteria and any priorities or other program requirements that have been published in the Federal Register and apply to the selection of applications for new grants. The Secretary may consider the following in making these determinations:
>
> (1) The information in each application.
> (2) The rank ordering of the applications.
> (3) Any other information relevant to a criterion, priority, or other requirement that applies to the selection of applications for new grants."

Thus, under EDGAR the Secretary is required only to make the determinations on the basis of the selection criteria and any priorities or other program requirements that have been published in the Federal Register and apply to the selection of applications for new grants. For the 3 Cs competition, these criteria included: the application's plan of operation, quality of key personnel, adequacy of resources, national significance, and other criteria listed at section 760.31 in the program regulations.

In selecting applications for funding, the Secretary applied these criteria, as required, taking into account the evaluations of the reviewers. While EDGAR does not require the Secretary to follow the rank order in selecting grantees, the Secretary's order of selection followed the rank order with very few exceptions. Correcting for the geographic distribution of applicants is an option explicitly available under the program regulations for the Secretary's Discretionary Fund; however, the Secretary chose not to exercise that option in this process.

Question: How many of those you funded ranked below the top 50?

Answer: Eight, one of which was the application submitted by the Chicago Public Schools that ranked #227. The Department was required by the Federal District Court in Chicago to give first priority to applications submitted by the Chicago Public Schools.

Question: Looking at your FY 1987 budget, I can't help but see that the few areas for which you are seeking increases happen to be in your "discretionary activities". You want to increase the research budget by $13 million and also create for yourself a whole new $15 million discretionary pot for "Teacher Training".

Please provide the Committee with your specific plans for any competitions with such funds that you would conduct.

Answer: No detailed plans for National Programs under the proposed Teacher Training and Improvement Act have been made, and specific projects to be funded in 1987 will depend in large measure on the nature and quality of proposals received in response to requests published by the Secretary in the Federal Register. However, applicants would be encouraged to propose projects on such topics as the following:

- Recognition programs for outstanding teachers at particular grade levels and in particular subjects, including provision of opportunities for further research or writing;
- Support for initiation of national specialty boards in particular teaching fields;
- Summer seminars and institutes for intellectual renewal of teachers and principals;
- Experimentation with fellowships, study grants, and sabbaticals to gauge their value in retaining outstanding teachers in the profession;
- Innovative programs of pre- and in-service education and certification for school principals;
- Development and demonstration of new models of teacher certification conducted by States, universities, and professional associations;
- Research and analysis of alternate certification programs launched by States; and
- Analysis of twelve-month contracts for teachers and their effects on teacher satisfaction and retention.

With respect to the administration's request for an increase in fiscal 1987 in the appropriation for research and statistics administered by the Office of Educational Research and Improvement (OERI), plans for the use of the additional funds are described in detail in the Department's budget justification for Education Research and Improvement and in Assistant Secretary Finn's testimony before the subcommittee. It is important to note that the largest portion of the requested increase is for statistics, where there is an urgent need to gather and analyze better data concerning the dimensions and performance of American education; that other portions are for the dissemination of research findings and statistical data; and that the portion requested for research *per se* is for important long-term studies of teacher quality and effectiveness, for the development of indicators of learning at the postsecondary level, and other such important issues, all pursuant to precise goals and priorities laid down in the statutes authorizing OERI programs.

DISCRETIONARY AWARDS PEER REVIEW PROCESS

Question: Also for the record, the committee would like a detailed description of your "so-called" peer review process that you used in the "Content, Character, and Choice" competition. How did the process work?

Answer: The closing date notice for the Secretary's Discretionary Program - Field Initiated Grants (CFDA 84.122B) was published in the *Federal Register* on Tuesday June 11, 1985. Approximately 1,200 application packages were requested and mailed, and 277 applications were received by the closing date of August 5, 1985.

Fourteen review panels, consisting of three non-Federal readers and a panel leader to assist with the mechanics of the review, were selected. Panel leaders, who were Federal employees, coordinated the review by the non-Federal readers, but did not rate the applications. The readers included college and university faculty and administrators, representatives of national associations, school teachers and administrators, school board members, writers, editors, publishers, and foundation officers. Each panel evaluated 20 to 21 applications in accordance with the selection criteria in the Secretary's Discretionary Program regulations and the procedures in the Education Department General Administrative Regulations (EDGAR).

The field readers reviewed the proposals at home. They were provided with instructions for the review (which included the Department's rules on confidentiality and conflict of interest), the applications, and technical review forms. Reviewers' contact with the Department was through the panel leader.

A technical review form (which repeats verbatim each selection criteria as published in the program regulations) was filled out by each reviewer for each proposal. The panel leader interviewed each panel member by telephone to ensure that all applications and forms were received, that any procedural questions were answered, and that all technical review forms were completed and returned to the Department.

The reviewers' scores were then standardized by the Department's Application Control Center, using their computer program, and the applications were ranked by standardized score.

The Secretary then determined the order in which applications were selected for funding. The Secretary made these determinations on the basis of the rank order and the selection criteria, including national significance and the promise of the activities in the application to successfully address current unmet national educational needs.

FISCAL YEAR 1985 DISCRETIONARY AWARDS REVIEWERS

Question: Who were the reviewers of the 1985 "Content, Character, and Choice" competition applications?

Answer: A list of the reviewers follows.

Dr. Benjamin H. Alexander
Consultant, Drew
Dawn Enterprises
Washington, DC

Dr. Ted Bartell
Assistant Vice-President
for Research
American College Testing Program
Iowa City, IA

Miss Josana Berdzinski
Elementary School Teacher
Waukegan, IL

Dr. James Ray Biddle
Professor of Education
Cedarville College
Cedarville, OH

Dr. Theodore M. Black
Consultant, Walter J. Black, Inc.
Roslyn, NY

Mr. Bill Boyton
Vice-President
ED-TREND, Inc
Phoenix, AZ

Dr. Alan Brown
Superintendent of Schools
Sparta Unit District #140
Sparta, IL

Dr. June Dobbs Butts
Universal North Bldg.
Dept. of Human Services
Washington, DC

Dr. Cherie Clodfelter, Chairman
Department of Education
University of Dallas
Irvin, TX

Dr. Marva Collins, Director
Westside Preparatory School
Chicago, IL

Dr. Lee Congdon
Professor of History
James Madison University
Harrisonburg, VA

Dr. Gwendolyn J. Cooke
Principal
Baltimore, MD

Dr. Shirley Curry
Secondary School Teacher
Waynesboro, TN

Dr. Graham Down
Executive Director
Council for Basic Education
Washington, DC

Mr. Nicholas H. Farnham
Educational Leadership
Project
New York, NY

Dr. Thomas Fleming
Editor
Chronicle of Culture
Rockford, IL

Dr. James M. Caulfield
Superintendent of Schools
Union, NJ

Dr. Gloria Chernay
Teacher Trainer
Fairfax, VA

Dr. Raj Chopra, Superindendent
Shawnee Mission School District
Administrative Offices
Shawnee Mission, KS

Dr. Elizabeth T. Kennan
President
Mount Holyoke College
South Hadley, MA

Dr. Mary Kay Kickels
Vice President - Planning and Development
Encyclopedia Britannica
Chicago, IL

Ms. Helen Law
Consultant, School Board Member
Redlands, CA

Mr. John A. Lloyd
President
ED-TREND Inc.
Phoenix, AZ

Mr. Tom Main
Program Officer
Smith Richardson Foundation
New York City, NY

Dr. Bruno Manno
Director of Research and In-service Programs
National Catholic Ed. Association
Washington, DC

Dr. Thomas McDaniel
Professor of Education
Converse College
Spartanburg, SC

Dr. Onalee McGraw
Education Consultant
McLean, VA

Dr. Jon Moline
Professor of Philosophy
University of Wisconsin
Madison, WI

Dr. Larry Frase
Superintendent of Schools
Catalina Foothills School District
Tucson, AZ

Dr. Joan B. Grady
Principal
Horizon Middle School
Aurora, CO

Mrs. Lucy Hayes
Human Relations Specialist
Silver Spring, MD

Mr. John H. Ralph
Assistant Professor of Education
University of Delaware
Newark, DE

Mr. Gerald P. Regier
President
Family Research Council
Washington, DC

Dr. Al H. Senske
Acting President/Chief Executive Officer
Concordia Publishing House
Saint Louis, MO

Dr. Gilbert Sewall
Education Writer
Flintridge, CA

Ms. Dorothy Sharpe
Consultant
Washington, DC

Dr. Christina Hoff Sommer
Associate Professor of Philosophy
Clark University
Worcester, MA

Mr. William R. Thomas
Elementary School Principal
Chantilly, VA

Dr. Jackson Toby
Professor of Sociology
Rutgers University
Highland Park, NJ

Mr. Jon Westling
Provost
Boston University
Boston, MA

Dr. Henry A. Myers
Professor of History
James Madison University
Harrisonburg, VA

Mr. Donald Offerman
Associate Principal
Academic Program
Oak Park and River Forest
High School
Oak Park, IL

Dr. Betty Jo Zander
Director
Institute for Learning
& Teaching
Minneapolis, MN

UNFUNDED APPLICATIONS

Question: Of all those who ranked in the top 34, but who were not funded, please provide detailed explanations of who the applicants were, the subject matter and why they were not funded.

Answer: It is longstanding Department policy not to release to the public the names of unsuccessful applicants or the reasons why particular applicants were not recommended for funding. This information is therefore being provided to the Committee under separate cover.

The reasons for not funding all of the applications in the top 34 varied. Some proposed activities of only local or, at best, Statewide significance, or were dependent on extensive equipment purchases. Still others proposed to conduct activities already amply demonstrated or proposed by another applicant at lesser cost.

CHAPTER 2 APPLICATION NOTICE

Question: What competitions are currently underway or soon to be underway in the current fiscal year?

Answer: An application notice was published in the Federal Register on May 19, inviting applications for field-initiated topics under the ECIA Chapter 2, Secretary's Discretionary Fund.

SECTION 504 ENFORCEMENT

Question: Mr. Secretary, during a recent hearing on the reauthorization of the Rehabilitation Act, the Chairman of the National Council on the Handicapped expressed concern over the implementation and enforcement of section 504 which, along with the Department of Justice, is under your jurisdiction.

My staff has also received numerous complaints about the lack of coordination on section 504 enforcement between the Office of Special Education and the Office of Civil Rights within your Department.

How do you respond to these allegations?

Answer: A Memorandum of Understanding between the Office of Special Education and Rehabilitative Services (OSERS) and the Office for Civil Rights (OCR) has been in place for a number of years. It is currently being revised and updated. We have been awaiting the arrival of a new Office for Civil Rights director to give final approval to the updated Memorandum of Understanding since that person will be responsible for instituting any changes what will result from the new agreement. In the meantime, OSERS and OCR are continuing to coordinate their investigative and compliance monitoring efforts to the fullest extent. For example, in April 1985, OCR and OSERS staff conducted a joint monitoring site visit to the State of Illinois. These offices are currently coordinating their efforts on specific issues in Illinois and Virginia.

Question: What specifically has your Department done in the last year to ensure enforcement of section 504?

Answer: We take enforcement of section 504 very seriously and have made appreciable headway in the resolution of these cases. In fiscal year 1985, we closed over 800 section 504 cases. This represents over 40 percent of our total case closures in 1985. The Department makes every effort to negotiate voluntary compliance when a violation is uncovered and has an excellent track record. However, if voluntary efforts fail, enforcement proceedings are taken as necessary. In the past six months alone, this has included going forward with enforcement actions in about nine cases. Six of these cases involved complaints on the elementary and secondary levels and three involved postsecondary education. While every effort is made to gain compliance using voluntary compliance efforts or Department enforcement proceedings, if these efforts do not bring about adequate results, cases are then sent to the Justice Department for resolution. We have sent about 20 cases to Justice over the past two years. We are presently reexamining the criteria used to determine when we should send cases to the Justice Department to ensure that these referrals are made appropriately.

Question: Mr. Secretary, you have been quoted in the press as having said the world has changed since the 1950's and 1960's and cities and schools no longer need the Federal Government to bully them into compliance with civil rights law. "The ideas of equality and desegregation are now firmly established." Do you really believe that? If so, what role does your Department play in monitoring and enforcing civil rights laws?

Answer: I do believe that the ideas of equality and desegregation are now firmly established. These ideas, as expressed in our civil rights laws must be monitored and enforced by the Department of Education's Office for Civil Rights. I also stated in the same press article that civil rights is still a major concern to the Department of Education.

SECRETARY'S AND OCR'S TRAVEL BUDGET

Question: The travel budget for the Office for Civil Rights has been cut approximately 10 percent every year for the last several years. You propose cutting the Office for Civil Rights' travel budget again this year, yet I note the Secretary's travel budget would receive a 50 percent increase. Why do you propose a further cut in travel for the Office for Civil Rights and such a large increase in travel for your office?

Answer: I believe it is important not to confine my observations and contacts with educators, students, parents, etc., to those who are inside the beltway. During my first year in office, I had little travel. The travel budget for fiscal year 1987 reflects my priority to stay in touch with the grass roots in education. This cannot be done by expecting everyone to come to me. Even with this increase, my travel budget is not out of line with travel that is required for the job, and is in line with the travel budgets established by the other cabinet Secretaries.

The decrease in the travel budget in the Office for Civil Rights is for discretionary travel. It does not affect travel needed for enforcement or technical assistance. OCR will be able to carry out its enforcement responsibilities fully despite this reduction.

Question: What additional activities will you undertake with your increase in funds, and what activities will have to be curtailed due to the reduction in travel funds for the Office for Civil Rights?

Answer: As stated in the previous question, I intend to have more contacts than in the previous year with the grass roots, i.e., parents, teachers, local school boards, educators, etc. This cannot be done by staying in Washington, D.C.

There are no plans to curtail major activities in the Office for Civil Rights. However, discretionary travel not used to conduct investigations and compliance reviews will be subject to strict scrutiny.

JUDICIAL ACTIVITY

Question: Former Secretary Bell recently stated that he perceived one of President Reagan's goals in education to be to "encourage a substantial reduction in Federal judicial activity in education." Is this an accurate observation of an administration goal in education?

Answer: The administration believes that a reduction of the role of the judiciary in some areas of education is appropriate and that the courts should defer to a greater degree to the educational judgments of school boards and other educational agencies about the needs and problems of our schools. Academic judgments and decisions about school discipline, for example, are matters particularly within the competence of local schools. We are therefore encouraged by recent Supreme Court decisions such as Regents of Michigan v. Ewing and New York v. T.L.O., in which the court enhanced the discretion of school authorities. In the former case, the Court upheld a decision by the University that a medical student with a poor academic record who failed a key examination, need not be provided the opportunity to take the test again. In doing so, the Court urged the utmost judicial deference to the academic judgments of the faculty. In the latter case, the Court recognized the special nature of the school environment, and allowed school authorities to conduct searches of students and their property when there are reasonable grounds for such searches.

Question: Do you have any plans to reduce Federal judicial activity in the area of civil rights and education?

Answer: The Department of Education remains strong in its commitment to enforce Title VI, Title IX, Section 504, and the Age Discrimination Act. The Department will use all methods at its disposal, including referring cases to the Department of Justice for the initiation of litigation before the Federal judiciary, to ensure that Federal education monies are not spent in a discriminatory manner by any recipient.

PRAYER IN SCHOOL

Question: Your budget documents indicate (p. 374) that you plan to continue to exercise leadership in FY 1987 in such areas as tuition tax credits, discipline, school prayer, etc. In fact, you categorize such leadership activities in FY 1986 as accomplishments.

Let's take the issue of school prayer. What have been your "accomplishments" in this area?

Answer: The administration has submitted and continues to support a Constitutional amendment permitting voluntary school prayer. We believe this is an important issue and an overwhelming majority of the American people support this amendment.

Question: What do you hope to accomplish regarding school prayer in the coming year?

Answer: We would hope that the Congress will pass the President's proposed Constitutional amendment.

TUITION TAX CREDIT

Question: You also indicated last year "if the tuition tax credit issue is dead, it's not going to be dead for long." What are your plans to promote tuition tax credits in FY 1987?

Answer: The administration continues to support the concept of tuition tax credits and I understand the Treasury Department, which is taking the lead on this issue, is developing a proposal for submission to the Congress.

PELL GRANTS COST UNDER-ESTIMATION

Question: The amount originally appropriated for Pell Grants (pre-Gramm-Rudman) in fiscal year 1986 was close to the Department's estimate of full funding based on a maximum award of $2,100 for the neediest students to pay up to 60 percent of the cost of education.

Now we find out that the Department's estimates were way off. In addition to the Gramm-Rudman cuts of $154 million, Pell Grants are actually "short" by another $215 million for a total shortfall of approximately $370 million for academic year 1986-87.

What accounts for the Department's significant under-estimation of Pell Grants program costs?

Answer: Last year the Department updated its cost estimation model for the Pell Grant program twice. Each of these updates took into account revised economic factors provided by the Office of Management and Budget, estimates of college costs and enrollments, and the most recent applicant and recipient information extracted from the Pell Grant program data base. This includes information from the most recent award period.

Estimates of Pell Grant costs for the 1986-87 award period were first completed on February 20, 1985. In addition to incorporating the traditional types of information in this update (i.e., recent economic factors, college cost and enrollment information), actual applicant and award information from the 1984-85 award period was also included. However, information from the 1985-86 applicant and award period (which began on February 15, 1985) was not available for inclusion in this update. Thus, the Department was not aware of any precipitous increases in applicant participation for the 1985-86 award period at the time of this update. Full-funding a maximum award of $2,100 up to 60 percent of educational costs was estimated at $3.659 billion, providing average awards of $1,285 to 2,835,000 students.

The Department updated its Pell Grant applicant-based model on December 9, 1985. This update again included the traditional information normally included in all updates. However, at the time of this update, the Department had available actual application information from the 1985-86 award period. This information indicated that student participation in the Pell Grant program was higher than anticipated with a particular increase in independent students. Since independent students traditionally qualify for higher awards, the costs associated with the program during the 1986-87 award period would be greater than the February 20 estimate.

The December 9, 1985 revised estimate for the 1986-87 award period is $3.802 billion based on a $2,100 maximum grant covering up to 60 percent of educational costs. An amount of $3.802 billion would provide 2,958,000 students with average awards of $1,296. This revised estimate is approximately $143 million higher than our February 20, 1985 estimate of $3.659 billion and $214 million more than the fiscal year 1986 appropriation of $3.588 billion.

I should also note that CBO estimated Pell Grant costs at a similar level last year. CBO updated its model in February 1986 and is within $31 million of the Department's current estimate.

PELL GRANT LINEAR REDUCTION

Question: What will be the effect of this shortfall on eligible students?

Answer: The Department intends to use "linear reduction" provided for in the statute when funds are insufficient to meet anticipated program activity. This will result in the elimination of approximately 290,000 students from eligibility for Pell Grant funds during the 1986-87 award period.

Question: Are you planning to apply the so-called "linear reductions" provided for in the statute when Pell funding is not sufficient?

Answer: The Department is proposing to maintain fiscal year 1986 Pell Grant funding at the post-sequestration level of $3.434 billion. However, because full funding of this award policy under current law is estimated to cost about $3.802 billion, the Department does plan to implement the "linear" award reduction provisions provided for in the Higher Education Act in order to achieve the needed savings of approximately $368 million.

Question: If so, how many students would be eliminated from the program?

Answer: Under the statutory award reduction procedures of "linear reduction," the awards of the neediest students would be fully protected while other students' awards would be reduced or eliminated completely. The number of students receiving awards would be reduced from 2,958,000 to 2,668,000 or by 290,000.

Question: How many would have their awards reduced?

Answer: Under the statutory award reduction procedures of "linear reduction", approximately 768,000 students would have their Pell Grant awards reduced from the full funding level.

CUMULATIVE SHORTFALL

Question: In addition to the fiscal year 1986 shortfall in the Pell Grant, how much of a shortfall are we carrying from previous years? Isn't it something like $490 million?

Answer: The cumulative Pell Grant deficit related to funding shortfalls over the last four years now totals approximately $490 million. The Department's fiscal year 1987 budget request for Pell Grants includes $250 million which would be earmarked to cover about half of the cumulative deficit. The remaining shortfall would be funded under the fiscal year 1988 request.

COST ESTIMATION IMPROVEMENTS

Question: What are you doing to improve projected Pell Grant cost estimates from year to year?

Answer: The Department has taken measures to improve upon our cost estimation procedures for the Pell Grant program. These include better monitoring of the current year's activity, more recent updates of the Pell Grant cost estimation model, and trend analysis using historical program data.

We feel that our current estimate of program costs for the 1986-87 award year of $3.802 billion at full funding is reliable and accurate. This estimate is very similar to the Congressional Budget Office's current estimate at full funding for fiscal year 1986 of $3.771 billion. In fact, CBO's estimate is only $31 million lower than our current estimate, a difference of less than one percent.

PELL GRANT FULL FUNDING

Question: Your fiscal year 1987 request for Pell Grants for academic year 1987-1988 is $3 billion.

But how much is actually needed to fully fund the Pell Grant program if the maximum award continues to be $2,100 for the neediest students to cover up to 60 percent of college costs?

Answer: Our fiscal year 1987 proposal includes a $2,100 maximum award up to 60 percent of educational costs. $3 billion fully funds this policy. Savings over current law costs are achieved through the stricter independent student definition and policies which restore the traditional emphasis on the family for financing postsecondary education. Were the current law Pell Grant program extended into fiscal year 1987, we currently estimate it would cost $3.841 billion.

PELL GRANT MIDDLE INCOME STUDENT PROPOSAL

Question: Mr. Secretary, your budget submission for higher education assumes a number of significant statutory changes. They were not, however, submitted to the Congress in time to be considered as part of the Higher Education Act reauthorization.

One of your changes would be to eliminate from Pell Grant eligibility so-called "middle income students."

At what family income level (adjusted gross) would such students be rendered ineligible to receive a Pell Grant?

Answer: Our student aid proposals are designed to focus limited Federal funds on the neediest students and restore the traditional role of the family in financing postsecondary education. The assessment rates applied to income and assets used to determine the expected family contribution (EFC) were increased to accomplish these goals. Because of the way the EFC calculation works, there is no income cut-off level per se. However, applying the formula to a family of four with one child in college and no assets, a student from such a family would be eligible for a Pell award with a family income not exceeding $23,400. Other students whose family circumstances differ may be eligible at higher income levels or may not be eligible at lower income levels.

Question: And what is your rationale for establishing such a cut-off?

Answer: The Department has not proposed a family income cut-off for eligibility for a Pell award. The proposed formula used to determine the expected family contribution was designed to focus limited Federal funds on the neediest students. In this framework, income assessment rates were restored to pre-MISAA levels, which results in increasing family contributions from middle-income families.

Question: Do you believe, therefore, that $24,300 is a fair measure of a middle income family such that those with adjusted gross incomes in excess of $24,300 should not receive a free ride on education costs?

Answer: There is no absolute income cut-off proposal included in the Department's student aid reauthorization proposals. A family of four with one child in college and no assets would be eligible for a Pell award with income up to the $23,400 level. Students from families from other circumstances may be eligible for a Pell award with a higher income or may not be eligible at a lower income level. The Department's proposals for the Pell Grant program focus limited Federal aid on the neediest students and restore the traditional role of the family in financing postsecondary education.

TUITION TAX CREDIT PROPOSAL

Question: Under your tuition tax credit proposals can we also assume that families with adjusted gross incomes of over $24,300 would be ineligible for such a free ride?

Answer: The Department has not submitted a tuition tax credit bill yet. It is anticipated that our proposal will be similar to our 1983 proposal where full credit would have been available to families with adjusted gross incomes up to $40,000 and would phase out entirely at $60,000.

EDUCATION SAVINGS ACCOUNT PROPOSAL

Question: One of your proposed changes in higher education actually affects the tax laws.

Would you explain for us briefly how your education savings account would work?

Answer: The administration's Education Savings Account (ESA) proposal is intended to encourage self-help in meeting postsecondary education costs through advance financial planning. Under our plan, an eligible family would be allowed an annual ESA savings contribution of up to $1,000 per dependent child through the year in which each child reaches age 18.

Interest on ESA savings would be tax-sheltered through the year in which the dependent child attains age 25. Only interest that is accumulated but not used for qualifying educational purposes (e.g., withdrawn early, used for another purpose, or not used by the year in which the dependent child attains age 26) would be taxed--being taken as an adjustment to the family's income in the year of such crediting.

ESA savings could be used to finance any postsecondary education leading to a degree or certification (including education at vocational/proprietary schools as well as colleges and universities). The amount of savings proceeds so used in any one year, however, would be limited to the amount needed to finance the dependent child's cost-of-education (generally to include tuition, room, and board for a full-time student, and tuition only for a part-time student).

Question: We understand that the Office of Tax Analysis in the Department of the Treasury estimates that the revenue loss for the proposed education savings accounts would be $35 million in fiscal year 1987 but the loss of revenue by the fifth year of implementation would be approximately $750 million in the year 1991.

Interestingly, 1991 is also the final year of the Gramm-Rudman-Hollings balanced budget plan such that there would be a zero deficit.

Now, my question to you is how are you proposing that we make up the difference in this significant loss of revenue?

Answer: Under the direction of the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings), the administration has proposed a fiscal year 1987 budget which includes an estimate of 1988-91 revenues and expenditures, and which meets specified deficit reduction requirements for all of those years. Our proposals for satisfying the law's requirements were developed on the basis of carefully planned and balanced income estimates, program priorities, and spending requests, and that planning considered fully the estimated ESA tax revenue loss.

In some instances and for some purposes, we think that "tax expenditures" (i.e., revenue loss attributable to special provisions of tax law) can support high-priority Federal objectives better than direct budgetary expenditures. That is our view with respect to ESAs because we think they hold great promise of helping to restore the traditional emphasis on the responsibilities of parents and students for financing college costs.

Question: Do you envision that savings can be made in other student aid programs as a result of these accounts?

Answer: Yes, the family savings that would be encouraged under our ESA proposal has significant implications for future-year student aid costs. Under the administration's proposal, it is estimated that several billion dollars per year may be invested by families in ESAs--savings that subsequently would be available for meeting postsecondary education costs.

A family could realistically expect even modest savings contributions to help significantly in financing a child's higher education. Based on annual savings contributions of $1,000 (which is the proposed maximum--requiring only $19 to be saved weekly), a family could expect to have over $40,000 accumulated in 18 years (assuming eight percent interest compounded monthly). Of that $40,000, only $18,000 would have been contributed directly by the family with the other $22,000 having accumulated as untaxed interest or dividends.

Question: Under this proposal, what would one's adjusted gross income level have to be before one would be ineligible to receive this tax break? Are you using the same $24,300 income cut-off that you are using for Pells?

Answer: No, under our proposal, the family income cut-off for ESA eligibility would effectively be $60,000. Specifically, the $1,000 maximum ESA savings contribution per child per year would be decreased by five cents for each one dollar that a family's adjusted gross income exceeded $40,000 in the prior year--thereby, phasing out eligibility between $40,000 and $60,000.

VOCATIONAL EDUCATION

Question: As you work quite diligently to reduce funding for programs which help the poor and disadvantaged pursue a higher education, it is interesting to note that, at the same time, you propose to cut the vocational education program in half.

You give two reasons for this proposal: 1) The primary importance, at the secondary school level, of basic, academic education; and 2) the availability of substantial funds for vocational education outside this program.

No one denies the importance of ensuring that all high school graduates possess basic skills, but why end a program that teaches a trade and probably keeps a great many students in school until graduation?

Answer: We are not proposing to end vocational education programs. We are only proposing to reduce the Federal contribution which is a very small percentage of total vocational training support.

Since I have been Secretary, I have said repeatedly that training and education for a job are as important as any other kind of training. But there are very serious questions about what the best high school education should consist of for young people who are not planning to go to college.

The Committee on Economic Development, which represents employers, says that schools need to make a greater effort to help these students develop "higher-level skills, such as problem solving, reasoning, and learning ability...the same attributes that are crucial to success in higher education." The CED further states that students should be required to achieve "an adequate level of academic competence" before entering training for specific occupations.

Once students achieve that necessary level of academic competence, there are plenty of sources of support for specific job training -- from the $3 billion spent by the Labor Department, to the programs offered by community and technical colleges (for which many students are eligible for Federal aid), to the $30-$40 billion spent annually by corporations themselves. The reduction we are proposing in Federal spending for vocational education seems small indeed compared to these other sources of support.

Question: Why should we penalize this program just because the States match the Federal funding on the average by about 10 to 1?

Answer: We don't see this budget as one that penalizes vocational education at all. Our budget proposes to focus most of our Federal dollars on those populations who are most in need -- the disadvantaged, the handicapped, the limited English proficient, adults in need of training, women, and incarcerated persons. The reduction we are proposing represents a very small portion of total funding available for vocational education and training. Since non-Federal sources now contribute $11 for every Federal dollar spent on vocational education, we believe this reduction will help keep Federal expenditures down while having a relatively small effect on the total vocational training enterprise.

STUDENT AID PROPOSALS

Question: With the proposed reductions in student financial aid, why should a student pursue a purely academic program in high school if he or she knows there is no way financially of attending an institution of higher learning?

Answer: First of all, many recent educational reports, including the one by the CED, speak of the need for a common base of educational performance and literacy among all students, whether those students are going on to college or work. I think that a sound basic high school education should prepare them for both.

Second, no one will be denied the opportunity to attend an institution of higher education under our proposal. Indeed, the most needy will fare considerably better under our proposal than under current law. Our budget proposals for the student financial assistance programs have been carefully designed to: (1) target available aid toward the neediest students; (2) restore the traditional emphasis on parent and student responsibility for financing postsecondary education costs; and (3) reduce or eliminate highly-subsidized Federal aid to students from higher-income families. Those students who would lose student aid eligibility under our proposals would be primarily those from higher-income families (who tend to qualify for very small amounts of aid under current program rules), those now inappropriately classified as independent of parental support, and those receiving incorrect award amounts.

The higher-income students whose aid is eliminated or reduced under our proposals (as well as lower-income students wishing to attend high-cost institutions) would still be eligible to borrow up to $5,000 annually, and up to $25,000 cumulatively, under the PLUS loan program. Such students might also be eligible for non-Federal financial assistance from State, private and institutional sources. Given the alternatives available for financing education, no student will be denied access to a college education under our policies.

EDUCATION FOR THE HANDICAPPED - STATE GRANT PROGRAM

Question: In your budget summary for the Education for the Handicapped program, you describe your proposal to fund Basic State Grants in 1987 at the 1985 appropriated level -- a full $80 million below the 1986 appropriated level -- in the following manner:

"Maintaining this program at the 1985 level demonstrates the administration's commitment to assisting the States in providing services to handicapped children."

By your Department's own estimate, $1.239 billion would be needed in 1987 to "maintain" the State Grant Program at the 1985 level--a full $104 million more than the amount you are proposing.

My dictionary defines the word "maintain" as "to continue, to carry on, to keep up, to preserve."

How does funding Education for the Handicapped State Grants at the 1985 appropriated level "maintain" this program?

Answer: Our strategy is to continue funding for most special education programs at their 1985 levels. Federal support for the Education for the Handicapped State Grant Program increased by 30 percent between 1981 and 1985, much more than what would have been necessary to compensate for inflation. Given the need to reduce Federal spending, the funding increase received in 1986 cannot be justified. We believe that maintaining this program at its 1985 funding level demonstrates the administration's priority on services to disabled Americans.

In addition, education, including the education of handicapped children, is primarily a State and local responsibility. The Federal contribution toward educating handicapped children is less than four percent of the total cost of their education. The small change in the relative Federal share will not significantly affect services as State and local governments move to serve the handicapped children for whom they are responsible.

VOCATIONAL REHABILITATION STATE GRANTS

Question: Your budget summary contains the following description relating to your proposal for Rehabilitation Services programs: "The 1987 budget request for programs in aid of disabled people reflects the administration's commitment to greater independence and productivity for disabled Americans and the Department's high priority on providing opportunities to persons with special needs."

It is then explained to us that "the increases enacted for 1986 should not be maintained, and the Department proposes that they be rescinded."

The Department's own estimate of what will be needed in 1987 to ensure at least the operation of the same number of programs and the same number of persons receiving services as in 1985 is $1.208 billion. Your proposal for 1987 is $108 million below what you estimated would be necessary to "maintain" services.

How many fewer persons with special needs will we be able to create opportunities for with your budget proposal?

Answer: We do not know exactly how service levels would change with more or less funding. The number of clients served depends on a number of factors, including the mix of services required by a particular pool of clients in a given year. We estimate that roughly the same number of clients will be served in 1987 as were served in 1985 and 1986.

The Gramm-Rudman-Hollings legislation resulted in the need for the Department to propose a budget which would meet the Gramm-Rudman-Hollings' targets for 1987, including cutbacks where necessary and limits on unnecessary growth. In the face of these severe constraints, the Department's request for Vocational Rehabilitation State Grants, which maintains funding at the 1985 appropriation level, demonstrates the administration's priority on services for disabled Americans.

CHAPTER 1 VOUCHER PROPOSAL

Question: Your budget reflects the administration's support for enactment of a voucher system for Chapter 1 -- Grants for Education for the Disadvantaged. Even by your admission, Chapter 1, as it has been functioning for the past several years, is successful in raising the achievement levels of students served. Further, the Department is currently conducting a major study of the Chapter 1 program to be completed by the end of fiscal year 1987. If the program is a success in its current form, why change it?

Answer: Although Chapter 1 is successful in reaching its intended target population and has a positive impact on student achievement, the services provided allow for little choice or flexibility. Parents of Chapter 1 children have few options in selecting the educational services that best meet the needs of their children because the program's structure assumes that services must be provided through the public schools which may vary greatly in quality.

The Chapter 1 voucher proposal will allow parents of disadvantaged children served by the program to have a wider choice in obtaining the educational services that best meet their children's needs. By distributing resources directly to individual families instead of to school districts, a voucher program would inject some market incentives into the educational system. This competition would foster improvements in the quality of educational services offered by public and private schools, rather than undercut the public school system. There is no reason to believe that giving parents a choice would disrupt those Chapter 1 programs that are performing well.

The recent Felton decision makes the argument for a Chapter 1 voucher program even more pursuasive because such a program would give local school districts more flexibility in providing disadvantaged students in parochial schools with the educational services to which they are entitled under the statute.

Question: Wouldn't it make sense to complete the major Chapter 1 study before forcing the issue of vouchers which will make major changes in the way the program is operating?

Answer: While the Chapter 1 voucher proposal will change certain aspects of the program's operation, we do not consider this a major overhaul of the program. We chose to introduce the voucher bill before the Chapter 1 study was completed because we believe that the proposal will yield immediate improvements in the program.

LIBRARY SERVICES FOR THE DISADVANTAGED

Question: The administration's budget, for the fifth consecutive year, proposes to eliminate all Federal library assistance. As you know, the Federal share of library funding is well targeted to those with special needs. How important is it to the economy if we eliminate Federal library support for 8 million persons in orphanages, mental institutions, hospitals, prisons, and for special public library services for the handicapped?

Answer: Provision of library services to the disadvantaged persons you have mentioned is very important, of course. I would just make the point that service to these individuals will continue, in most cases, without Federal funding, and the effect on the economy resulting from the withdrawal of these funds should be minimal. After all, Federal funds represent only about 4 percent of the total expenditures from all sources for public library services.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

DRUGS IN SCHOOLS

Question: At a recent meeting of the National School Boards Association you urged that school board members "do anything you have to" to cleanse schools of drugs. Why aren't you requesting more support next year for the Alcohol and Drug Abuse Education Program? The budget request would freeze the program at its $3 million pre-sequester level.

Answer: The Federal Government, including the Department of Education, is currently spending $1.7 billion on drug abuse. A great deal of Federal resources are going into the problem. We are reviewing our efforts in drug abuse prevention in relation to this $1.7 billion Federal expenditure and the $1.3 billion State expenditure. After that review is completed, we will better determine where our resources can best be used. However, from what we have seen in our examination to date, the greatest need is clearly for leadership and better information, not more Federal funds.

This summer, the Department will publish a book summarizing the available data on school-age drug prevention. The book will be a follow-up to What Works, a remarkably popular guide to effective educational techniques. Our new drug abuse prevention book will be a straightforward, useful summary of the best information available on the subject. It will be aimed at the Nation's educational practitioners: parents, teachers, principals, and other school administrators.

HIGHER EDUCATION STUDY

Question: You stated last year that it would be a real accomplishment if the Department could issue a report on higher education along the lines of the landmark study issued earlier on secondary education. What's your timetable for this?

Answer: One of my goals in becoming Secretary of Education was to develop and encourage a national dialogue on the quality of postsecondary education. In November 1984, while still at the National Endowment for the Humanities, I issued To Reclaim a Legacy: A Report on the Humanities in Higher Education. About the same time, the Department of Education published Involvement in Learning: Realizing the Potential of American Higher Education.

In the past year three additional analyses of higher education have appeared: Integrity in the College Curriculum, by the Association of American Colleges; Higher Education and the American Resurgence, by the Carnegie Foundation; and Access to Quality in Undergraduate Education, by the Southern Regional Education Board.

As these various reports suggest, the dialogue on higher education quality I wanted to develop has begun. In 1985 the Department encouraged that dialogue by sponsoring, along with the American Association for Higher Education, a major national conference at the University of South Carolina on "Assessment in Higher Education." The conference was attended by more than 700 representatives of institutions, States, and agencies. In June of this year the Department will publish the papers commissioned for the conference.

In addition, the Department's Involvement in Learning report was followed up last year by three regional conferences attended by over 1,500 people--including five governors--representing all the States. The proceedings of these regional conferences, including recommendations from the attendees, will be published in May. The Department has also published three major background papers used in preparing the report and is about to publish two more.

The Department has also begun to address the issue of accreditation. The National Advisory Committee on Accreditation and Institutional Eligibility has been asked to conduct a review of the current "Criteria for Recognizing National Accrediting Agencies and Associations," which were last revised in 1974. Its mandate is to examine Federal processes of recognizing accrediting agencies and associations to determine whether and how these can be strengthened. The Committee has been asked also to examine the statutory definition of institutional eligibility and make recommendations for improvements within the limits of our statutory authority.

In addition to the Department's activities, the growing dialogue on higher education quality has been joined by the National Governors Association, which has designated the upgrading of higher education as one of its major initiatives for the next five years. NGA is investigating what States can do to improve consumer information about higher education, assessment of undergradaute performance, and institutional management. In addition, Governor Thomas H. Kean of New Jersey, who is chairman of the Education Commission of the States this year, has asked ECS to consider how effective State action to improve undergraduate education can be encouraged.

As all these activities and reports show, my goal of fostering a national debate on the quality of postsecondary education has been accomplished. In the future I will continue to raise questions concerning postsecondary quality, what is being done to improve higher education, and what new steps seem necessary.

FISCAL YEAR 1987 LEGISLATIVE PROPOSALS

Question: Mr. Secretary, the number of new initiatives included in the budget request totals 16 with more than half occurring under higher education. What is the status of these proposals?

Answer: All our proposals have been transmitted to Congress. We expect to have them introduced as soon as possible.

Following is a list of our legislative proposals and their status:

AMOUNTS IN THE FISCAL YEAR 1987 BUDGET REQUEST REQUIRING LEGISLATIVE CHANGES

Appropriation Account/Program	Amount of Request Based on Proposed Legislation	Current Status of Legislative Proposal
Higher education		
Aid for institutional development..	$141,208,000	
Postsecondary outreach.............	42,470,000	
Special college services...........	39,900,000	
Minority institutions science improvement.......................	5,000,000	
Fund for the Improvement of Postsecondary Education..............	10,000,000	
	238,578,000	Transmitted to Congress 4/7/86.
Higher education facilities loans and insurance..........................	19,205,000	Transmitted to Congress 4/7/86.
Education research and improvement...	58,231,000	Transmitted to Congress 2/19/86.

AMOUNTS IN THE FISCAL YEAR 1987 BUDGET REQUEST REQUIRING LEGISLATIVE CHANGES (continued)

Appropriation Account/Program	Amount of Request Based on Proposed Legislation	Current Status of Legislative Proposal
Special programs:		
Teacher training and improvement	$75,000,000	Transmitted to Congress 2/24/86.
Rehabilitation services:		
Client assistance	6,300,000	
Innovation and expansion	9,000,000	
Service and demonstration programs:		
Special demonstration programs	14,635,000	
Migratory workers	950,000	
American Indians	715,000	
Projects with industry	13,000,000	
Independent living centers	22,000,000	
Training	15,000,000	
National Institute of Handicapped Research	39,000,000	
Helen Keller National Center for Deaf-Blind Youths and Adults	4,200,000	
	124,800,000	Transmitted to Congress 4/7/86.
Payments to institutions for the handicapped:		
National Technical Institute for the Deaf		
Endowment	1,000,000	
Gallaudet College		
Endowment	1,000,000	
	2,000,000	Transmitted to Congress 4/8/86.
Promotion of education for the blind.	-10,000	Transmitted to Congress 4/8/86.
Student financial assistance		
Pell grants	3,250,000,000	
Campus-based aid: Work/grants	400,000,000	
Income-contingent loans	137,568,000	Transmitted to Congress 3/18/86.
Teacher cancellations	25,000,000	
	3,812,568,000	
Guaranteed student loans	-1,115,241,000	Transmitted to Congress 3/18/86.

DEPARTMENT OF EDUCATION

Fiscal Year 1987 Legislative Program

ELEMENTARY AND SECONDARY EDUCATION

Education Consolidation and Improvement Act (ECIA)

The Department will continue to seek enactment of ECIA amendments submitted to Congress in 1985.

o Chapter 1

The amendments affecting Chapter 1 would:

(1) Focus coverage of the Chapter 1 Migrant Program by changing from five years to two years the time a formerly migrant child can be considered migratory for purposes of allocating funds and receiving services.

(2) Eliminate the $6,000,000 minimum set-aside for Migrant Education coordination activities while continuing the five percent ceiling as the maximum set-aside. The change would give the Department flexibility to choose whether to place more emphasis on assisting States in providing direct services or on coordination activities.

(3) Eliminate required use of 1975 Survey of Income and Education (SIE) data in making allocations under Chapter 1 Grants to local educational agencies. Deletion of this requirement would eliminate the need to adjust more recent 1980 Census data to account for obsolete SIE data.

(4) Delete references to use of the criteria for poverty associated with the 1970 Census for allocating Chapter 1 funds to enable the Department to use instead the criteria for poverty from the most recent decennial census.

o Chapter 2

--State Block Grants

The Chapter 2 amendments would give the Secretary authority to waive the "supplement/not supplant" requirement under certain circumstances. The Administration has encouraged States in their efforts to pass new laws that promote major reforms and establish higher standards for State elementary and secondary schools. Although the Chapter 2 block grant is an ideal source of Federal money to help States and local school districts achieve these reforms, the "supplement/not supplant" requirement prohibits LEAs from using Chapter 2 funds to meet State-mandated standards. The proposed amendment would allow use of Chapter 2 funds for State-mandated improvement activities during a three-year waiver period.

Elementary and Secondary Education (continued)

The second Chapter 2 block grant amendment would change the requirement that States distribute funds to local educational agencies on the basis of total numbers of public and private school enrollments in the State. The amendment would allow the States to use total enrollment in public schools and either (a) total enrollment in private schools or (b) total enrollment in private schools desiring to participate in the program. This would resolve a problem faced by States which have been unable to obtain enrollment counts from private schools uninterested in taking part in the program.

--Secretary's Discretionary fund

The Chapter 2 amendments would also eliminate the minimum funding levels required by statute for the Inexpensive Book Distribution, Arts in Education, Alcohol and Drug Abuse Education, and Law-Related Education programs. The amendment would provide greater flexibility for the Secretary to focus resources on unmet national needs and to respond in a timely manner to issues identified by research and commissions investigating educational reform.

Impact Aid

A number of legislative changes are proposed to target resources on "a" children in the most heavily affected districts, improve the efficiency of administrative and programmatic practices, and increase the threshold of eligibility for disaster claims to $10,000 or five percent of the district's preceding year's current expenditures. The authorization for payments for "b" children would be repealed.

Bilingual Education

The Department is seeking enactment of amendments to remove the four percent funding cap for Special Alternative Instructional Programs and the requirement that 75 percent of Part A funding go to Transitional Bilingual Education.

Teacher Training and Improvement

The Department is seeking enactment of legislation to broaden and improve the existing Science and Mathematics education program. The expanded program would provide opportunities for in-service education of teachers and administrators in order to improve their subject matter competence and teaching and administrative skills; provide recognition for excellent performance by teachers and administrators; attract qualified persons from other professions into teaching; encourage outstanding teachers and administrators to remain in the profession; and improve the preservice education of America's teachers and administrators.

Chapter 1 Vouchers

The Administration has proposed the Equity and Choice Act of 1985 (TEACH) in order to increase educational opportunities for disadvantaged students by expanding the range of choices available to them

Elementary and Secondary Education (continued)

under Chapter 1. Parents of educationally disadvantaged children selected to participate in Chapter 1 programs would be permitted to obtain vouchers that could be used to pay for tuition or compensatory education services in public or private schools.

Tuition Tax Credits

The Administration will resubmit legislation to permit parents of private school children to receive tuition tax credits for up to 50 percent of tuition and required course fees. The maximum credit would be phased-in over a three year period--growing from $100 to $200 to $300. The full credit would be provided only to families with adjusted gross incomes of up to $40,000 and the credit would phase out at $60,000.

POSTSECONDARY EDUCATION

Higher Education Act of 1965

The Department is proposing a reauthorization of the Higher Education Act. A brief outline of the major proposals follows.

o Institutional Aid

--Aid for Institutional Development (Title III)

The Department proposes to refocus and modify significantly the program objectives of Title III. The proposed changes to Title III reflect a reconceptualized program objective--to help eligible institutions develop solid financial bases so they would no longer need annual Title III assistance to survive. The criteria for determining program eligibility would be changed to permit better targeting of program funds to institutions which serve substantial percentages of disadvantaged students, and which lack the financial bases necessary to continue providing such services.

--Aid to Disadvantaged Students (Title IV)

The Department proposes to modify five similar outreach authorities--Upward Bound, Talent Search, Educational Opportunity Centers, the Migrant High School Equivalency Program and the unfunded Education Outreach Program. The Federal role of encouraging institutions and agencies to initiate outreach activities and to then continue providing such services with their own financing can be achieved under a streamlined program.

To assist institutions in providing the counseling and support services necessary for disadvantaged college students to complete a postsecondary education, the Department proposes to consolidate the College Assistance Migrant Program and Special Services for Disadvantaged Students authorities. Through a new Special College Services program, institutions would be encouraged to assimilate special academic and support services for poor and disadvantaged students into their own budgets.

Postsecondary Education (continued)

- Student aid reforms (Title IV)

  The amendments would modify current law and reform the Federal role in financing postsecondary education costs and reduce widely recognized program abuse. Reforms would include:

  --Development of a single, simplified family need analysis system to apply to all Department student aid programs.

  --Narrowing of the "independent student" definition to exclude students below the age of 23 with the exception of orphans or wards of the court or students who can demonstrate self-sufficiency for 2 years prior to application. The current three question criteria would be applied (regardless of student age) to the award year and the two years prior to the award year.

  --Requiring an $800 minimum self-help expectation in determining eligibility.

  --Standardizing across all aid programs the student living allowances for room, board, books, supplies and transportation expenses.

  --Requiring a high school diploma or its equivalent in order to receive student assistance.

  --Limiting undergraduate eligibility to four academic years, plus a fifth year for five-year academic programs and in exceptional circumstances.

- Income Contingent Loans

  The proposal would restructure the National Direct Student Loan Program to incorporate an income-contingent repayment plan. The restructuring would make student loan repayment burden manageable, flexible, and of as long a duration as needed to accomodate individual post-school incomes. Institutional choice would be enhanced at the undergraduate and graduate levels by authorizing substantially higher loan levels and institutional flexibility in designing individual student aid packages would be maintained.

- Pell Grants

  Proposed amendments to the Pell Grant program include:

  --Increasing the assessment rates for the assets and discretionary income of parents and independent students from current rates to roughly the levels now used in the Uniform Methodology. The rates would be used in the single need analysis system.

  --Taking into account the family's expected contribution in all award rules and eliminating the inequity that currently allows students with different financial resources attending the same low-cost institution to receive equal awards.

  --Establishing the maximum award amount to be $2,100 and up to 60 percent of educational cost.

Postsecondary Education (continued)

- Work-study/grant Program

  The Department proposes a consolidation of the current Work-study and Supplemental Grant programs. The consolidation proposes:

  --Providing institutions greater flexibility to meet individual student needs by including work and grant activities under one administrative program.

  --Emphasizing cost-sharing by institutional participation through elimination of the administrative cost allowance and through phased-in increases in institutional matching requirements reaching 50 percent by 1990.

  --Promoting student self-help employment in financing educational costs.

  --Providing incentives for institutions to develop and expand Work-study activities devoted to reducing adult illiteracy.

- Guaranteed Student Loans

  --Proposals affecting borrowers

  The proposals would substantially reduce Federal costs and improve program administration. The need analysis requirement would be extended to all family income levels and eliminate unnecessary borrowing while ensuring that Federal subsidies are available only to the extent that students demonstrate financial need. In addition, the single need analysis system for all Federal student aid programs would improve program integrity and efficiency while helping to restore an appropriate financing role for students and their parents. In addition:

  --Eligibility for PLUS loans would be expanded to include all otherwise eligible students and their spouses regardless of the student's educational level.

  --Loan limits would be increased to $5,000 annually for each eligible student and $25,000 cumulatively not including regular loan limits.

  --The maximum repayment period would be extended from 10 to 15 years and lenders could offer borrowers consolidated loans.

  --The borrowers interest rate on regular loans would be reset at the average 91-day Treasury bill rates for the quarter ending March 31 prior to the academic year for which the loan is made. The rate would remain fixed through the second year of repayment at which time a new rate would be negotiated with the lender, subject to a cap of the prevailing 91-day Treasury bill rate plus three percent.

Postsecondary Education (continued)

--Interest subsidy payments made on behalf of the borrower during the in-school, grace, and deferment periods would be eliminated. Students would have the option of paying the interest as it accrues, borrowing additional amounts to cover the interest or having the interest capitalized. The five percent loan origination fee paid by borrowers would be eliminated.

--Guarantee fees would be charged for both regular and PLUS loans.

--Proposals affecting lenders

--Lenders would be required to disburse funds at least twice during the award year. Interest benefits and special allowance payments would be based on amounts actually disbursed.

--Lenders would receive a revised fixed (in place of variable) yield equal to the average 91-day Treasury bill for the quarter ending March 31 prior to the award year for which the loan is made plus three percent while loans are in-school and through the second year of repayment. No special allowance would be paid on loans beginning with the third year of repayment.

--Loan insurance would be limited to 90 percent of unpaid interest and principal instead of the current rate of 100 percent.

o Academic Facilities (Title VII)

The Department is proposing to repeal the authority for new grants as well as the authority to enter into new interest subsidy commitments.

o Higher Education Facilities Loans and Insurance (Title VII)

The Department is proposing to repeal the authority to make new loans--retaining only the statutory provisions needed to admimister existing loans.

o College Housing Loans (Title IV, Housing Act)

The Department is proposing to repeal the authority for new loans, and to transfer to the Higher Education account the statutory provisions needed to administer existing loans.

o Institutions Science Improvement Program

The Department is proposing a new Institutions Science Improvement Program for Disadvantaged Students which would promote quality in science education at institutions serving significant numbers of financially disadvantaged students. The program would replace the Minority Institutions Science Improvement Program.

OTHER

Rehabilitation Act reauthorization

The Department is proposing a five year reauthorization of the Act. Major provisions of the proposal include:

--Increasing the State matching requirement from 20 percent to 25 percent.

--Strengthening the requirement for use of similar benefits in all cases except for medical services to those at extreme medical risk.

--Authorizing the development of supported employment programs under the State plan.

--Requiring that Projects with Industry give priority to on-the-job training, not just to placement assistance.

--Requiring up to two years service in a nonprofit agency for each year of scholarship in the Training program.

--Authorizing only one Independent Living program and requiring a 10 percent non-Federal match.

--Converting the positions of RSA Commissioner and NIHR Director to Secretarial rather than Presidential appointments.

Education Research and Improvement Amendments

The amendments would allow the Department to continue its research and improvement activities. It streamlines the Office of Educational Research and Improvement (OERI) by eliminating an unnecessary layer of Presidential employees below the Assistant Secretary level, renames the National Council on Educational Research amd terminates the inactive Federal Council on Educational Research and Development and the Federal Education Data Acquisition Council. The proposal would continue support for research, improvement activities, data collection and information dissemination. Support for the National Assessment of Educational Progress and for the labs and centers would continue to be required. Support for unsolicited proposals and those specifically invited by the Secretary would also be authorized.

Special Institutions Amendments

These amendments would establish $1,000,000 endowments for Gallaudet College and the National Technical Institute for the Deaf. In addition, a bill to abolish the $250,000 trust fund and the $10,000 permanent appropriation for the American Printing House for the Blind was submitted to the Congress last year.

OTHER (continued)

Education Savings Accounts

We are proposing a tax incentive measure to encourage low- and middle-income families to save for their children's education. Families with incomes up to $60,000 would be able to invest up to $1,000 for each child per year in Education Savings Accounts with interest being exempt from Federal income taxes.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

AMERICAN SAMOANS

Question: Mr. Secretary, during our deliberations on your Department's Appropriations bill last year, the Senate Committee directed you and your counterparts in the U.S. Department of Labor and Health and Human Services to develop a coordinated response to the unique and pressing needs of our Nation's American Samoans. For example, the Department of Labor's report to this Committee indicated that all socioeconomic indicators show that Samoans are among the most disadvantaged of any ethnic group residing in the United States; that they are experiencing extremely high rates of poverty and unemployment. The Department's report further stated that Samoan youths are experiencing particular difficulties in school. The high school completion rate for Samoans in Hawaii is 21 percent lower than the State-wide average; in California it is 16 percent. I understand that only 23.4 percent of those living in Samoan households speak English exclusively at home. There is a clear relationship between language ability and employment status. Further, the report stated that desire for education, along with employment, is one of the reasons most frequently cited by Samoans for migrating to the U.S. Mr. Secretary, could you provide us with a report on the progress your Department has made in developing an integrated report addressing our concerns.

Answer: In February, 1986, Anna Maria Farias, Deputy Director of the Office of Bilingual Education and Minority Languages Affairs, met with representatives of the Departments of Labor and Health and Human Services to assist them in preparing their report to the Committee. The Department of Education will continue to work with the other two agencies to assist them with their report. The Department has also met with the National Office of Samoan Affairs to discuss issues of concern and to ensure that the Department's programs provide appropriate services in American Samoa.

As you know, the Bilingual Education Act authorizes a discretionary grant program under which local schools, institutions of higher education, State education agencies, and others compete for available funding. There are no setasides for any particular geographic area. In 1985, American Samoa received a continuation grant under the Transitional Bilingual Education activity for $169,538. This represents the third year of a grant with a cummulative value of $568,600. Also, the American Samoa Department of Education participates in the State education agency grant program and in 1985 received $9,978 under this activity. The Hawaii/American Samoa Multifunctional Resource Center, funded last year at

$392,783, also provides services in American Samoa. The cumulative amount of the three year Multifunctional Resource Center contract is $1,179,000. Finally, I would like to point out that many of the students in federally funded bilingual education projects in Hawaii, are American Samoans.

NATIVE HAWAIIANS

Question: Mr. Secretary, you have recently announced that you are planning to fund several "gifted and talented" initiatives during this fiscal year. I was pleased to learn of your decision and would hope that at least one such project would be targeted toward gifted and talented Native American children, such as Native Hawaiians. Your predecessor's report "A Nation at Risk" stated that over half of the population of gifted students did not match their tested ability with comparable achievement in school and further pointed out that there was a severe shortage of teachers trained to teach these individuals. I fully expect that this is especially the case within the Native American community.

Answer: We will soon announce the deadline for applications for the Secretary's Discretionary Fund field-initiated grants competition. Applications which deal with gifted and talented education for Native American children, and which are responsive to the Federal Register notice for the competition, would be eligible. If, after outside review, one or more of the applications proved competitive, we would consider them for funding.

You should also know that we will shortly begin the first part of a study of gifted and talented education with funds set aside for research and evaluation under Title II of the Education for Economic Security Act. We plan to pay special attention in the study to the resources or programs available to academically gifted children residing in inner cities or areas with high concentrations of poverty, including Native Americans.

PACIFIC BASIN RESEARCH AND TRAINING CENTER

Question: Mr. Secretary, the National Institute of Handicapped Research has now established a Research and Training Center for the Pacific Basin region in Honolulu, Hawaii. Based upon our treaties and strategic interests in that region, we now have a clear responsibility to ensure that the residents of that region have access to quality health and rehabilitation care. Unfortunately, the record will show that until only very recently, we have not been willing to address their truly pressing needs. The University of Hawaii has now developed a comprehensive listing of the handicapped residents of the region but, during our committee hearings last year, indicated that far too often death or permanent disability resulted, when this simply would not have been the case anywhere else in our Nation. Mr. Secretary, I would appreciate your personal review of the needs of the region. I am confident that you will find that there is still considerably more that we could do.

Answer: In 1984 the National Institute of Handicapped Research negotiated a Cooperative Agreement with the John A. Burns School of Medicine at the University of Hawaii. The purpose of this award is to establish a Rehabilitation Research and Training Center to do research and training to improve rehabilitation services in the Pacific Basin. This center has just completed its second year of a five year award.

One of the major objectives of this center is to assess the rehabilitation needs of disabled individuals in the Pacific Basin. A needs study has been undertaken as well as the analysis of existing data on the incidence and prevalence of disability in the Pacific Basin.

To accomplish the goal of improving rehabilitation services throughout the Pacific Basin, the National Institute of Handicapped Research and the University of Hawaii have agreed to focus on the development of comprehensive services for one disability area during the current award period. Methods developed and tested through this award may then be duplicated for other disabilities.

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

TEACHING SCHOLARSHIPS

Question: What is the status of regulations for the Carl Perkins Scholarship program, which provides funds for top high school graduates who wish to become elementary or secondary school teachers?

Answer: Since the Congress did not approve the Department's request to rescind the appropriations for Carl Perkins Scholarships, we are taking the necessary steps to implement this new program. Regulations which are needed to provide guidance to the States in administering the program have been drafted and are currently being reviewed by OMB. These regulations will be published before the end of May. In addition, we have corresponded with all the governors to advise them of the new program, and to provide them with preliminary guidelines for making the program operational in their States.

Question: Will these funds get to students in time to begin the September 1986 school term?

Answer: We intend to have these funds distributed to the States in time for them to make awards for the September, 1986 school term.

Question: What is your specific timetable for making the scholarships available?

Answer: The individual States will be responsible for making the scholarships available. We expect to receive applications from the States early this summer and we plan to make awards by the end of August.

Question: I would like the Department to provide me with a list which indicates the contact person for the Perkins Scholarship Program in each State.

Answer: In the letter we recently forwarded to the governors of each State regarding the implementation of the Perkins Scholarships Program, we requested that an individual be named as a contact for the State. We will be happy to forward a list with the names of these individuals as soon as we have received responses from the States.

VOCATIONAL EDUCATION SUPPORT PROGRAMS BY COMMUNITY-BASED ORGANIZATIONS

Question: What is the status of regulations for Title III-A of the Carl Perkins Vocational Education Act?

Answer: Final regulations for Title III-A, State Assistance for Programs by Community-Based Organizations, were published on August 16, 1985.

Question: When will these funds be available to the States?

Answer: These funds will be available to the States July 1, 1986.

Question: The adminstration proposes a 52 percent reduction in vocational education funds in FY 1987. This request ignores the employment training needs of the 19 million individuals who receive vocational education preparation. How do you propose that we train and retrain individuals for employment when the Department of Education seeks to all but abdicate its role in vocational education?

Answer: According to the Census Bureau's Current Population Survey, there are about 2 million persons enrolled in postsecondary vocational programs. The Department's High School and Beyond Study indicates that there may be as few as 3.9 million vocational students at the secondary level. This means that the total number of vocational education students is probably closer to 5.9 million than the 19 million you cite.

Regardless of the number, however, the Department of Education's support for the programs in which these students enroll is a very small percentage of total support for vocational education. Non-Federal sources outspend us by about 11 to 1.

Nevertheless, we are not abdicating our role in vocational education. Most of our $408 million budget proposal would be directed to those populations who are most in need -- including adults in need of training and retraining.

Further, in addition to the Department of Education's support and the much greater support provided by States and localities, there are billions of dollars available from other sources to train and retrain individuals for employment. The Labor Department provides $3 billion for this purpose and corporations themselves, many of which prefer to conduct their own job-specific training, spend from $30-$40 billion annually.

BILINGUAL EDUCATION REGULATIONS

Question: I understand that the new bilingual regulations give school districts a great deal of flexibility in handling this program area. Such flexibility could result in a gradual erosion or even elimination of the program. At least three national studies suggest that there are long-term positive effects among high school students who have participated in bilingual education programs. Why would your Department promulgate regulations which will threaten the viability of a successful program?

Answer: The proposed regulations, published last November, would not lead to a gradual erosion or elimination of the program. Moreover, despite the fact that the Department's overall budget was reduced by 14 percent in 1987 to achieve the savings required by Gramm-Rudman-Hollings, the budget request for Bilingual Education is the same as in 1985 and nearly $6 million more than in 1986 after the sequester. This budget request demonstrates the Department's strong commitment to meeting the needs of educationally disadvantaged students.

The Department further believes that the new Bilingual Education regulations, once they are published in final form, will strengthen the program and make it more effective in meeting the educational needs of limited English proficient children. The proposed regulations had four major goals: to make school districts aware of the flexibility they have under the law to determine how the native language will be used in Transitional Bilingual Education programs; to place increased emphasis on the goal of teaching English; to increase the emphasis on building the capacity of local schools to continue to operate bilingual programs once Federal funds are reduced or no longer available; and to emphasize parental involvement.

ASBESTOS

Question: The presence of friable asbestos is a public health hazard. The Environmental Protection Agency estimates that friable asbestos is present in 31,000 schools; yet, the administration wants to eliminate asbestos abatement funding. To what extent will you advocate for funding for this program?

Answer: The Asbestos School Hazards Detection and Control Act of 1980 authorized an asbestos detection and control program in the Department of Education. When the Congress enacted the Asbestos School Hazard Abatement Act of 1984, authorizing a similar asbestos program in the Environmental Protection Agency, it allowed the authorization of the Department of Education program to lapse. The Department's position now is the same as it was before the Environmental Protection Agency assumed responsibility for the program. We believe that the detection and control of asbestos in the local schools is a State and local problem and should be funded and handled at these local levels much the same as any similar problem such as fire prevention.

DECLINING COMMITMENT TO PUBLIC EDUCATION

Question: The Department of Education's FY 1987 budget request of $15.2 billion is a $3.2 billion reduction from the FY 1986 appropriated level. Under the administration's proposed budget, the Federal share of elementary and secondary education spending would be approximately 5.5 percent; vocational education would be gutted; and financial assistance for college students would be devastated. In addition, the Federal share of costs for handicapped students would drop from 12 to 7 percent.

Why is the Department of Education attempting to undermine the long-standing Federal commitment to public education?

Answer: Funding for education is, and always has been, primarily a responsibility of State and local governments. Historically and constitutionally, the Federal role in education has been limited. Education has traditionally been supported primarily with State, local and private funds. Slightly over 93 percent of all education spending is from these non-Federal sources, while Federal sources contribute less than seven percent of the total $260 billion spent on education in the United States. In our proposed fiscal year 1987 budget of $15.2 billion, net reductions of $2.6 billion--14 percent below the 1986 level of $17.8 billion--would have minimal effects on education nationally, since these reductions translate into only about a one percent decrease in total education spending. This will not undermine the Federal commitment to public education, especially since our proposed reductions are concentrated in program areas in which the Federal contribution is of more marginal significance. Our funding priorities were to concentrate available resources on improving education quality; to provide educational opportunities for the poor, the handicapped, and the disadvantaged; and to emphasize education in the early years because of its critical long-term importance to development.

For example, of the Department's $15.2 billion proposal, $6.9 billion is requested for elementary and secondary programs. These programs represent 46 percent of the total budget--up from 42 percent over 1986--and make up the largest component of Federal assistance in our budget.

Our fiscal year 1987 budget reductions for vocational education reflect the fact that vocational education programs receive substantial support from non-Federal sources. State and local governments spend about $11 for every Federal vocational education dollar. In addition, each year the Department of Education provides assistance through grants and loans to students receiving vocational education at postsecondary institutions; the Department of Labor spends about $3 billion on job training programs; and corporations spend $30 to $40 billion on employee training programs. Even with reduced Federal support, strong fiscal support exists for vocational education. Our 1987 request of $408 million in Federal funds would be focused on special populations such as the disadvantaged, the handicapped, single parents and homemakers, and persons in correctional institutions.

In the area of student financial assistance, our budget would result in nearly $13 billion in aid to students. Our proposal would continue to ensure financially needy students access to postsecondary institutions, would provide these students a measure of choice of institutions, and would enable 40 percent of all American college students--nearly 4.3 million--to receive Federal assistance. Over 2 million of the neediest students would receive Pell grants; over 800,000 students would receive work-study and supplemental grants; and 3.9 million students would receive guaranteed loans, more than at any other time in history.

Lastly, the Federal share of excess costs for handicapped students would not drop but would remain at about 7 percent, which translates into over three percent of the total spent nationally on handicapped education. Through a variety of grants and programs that are concentrated on the poor and disadvantaged, our budget underscores the Department's commitment to provide for educational opportunities for these special populations.

The Department of Education is committed to American education and will continue to provide national leadership and support for programs which are most important to carrying out the Federal role in education.

Question: How do you propose to reconcile the increasing demand for well-educated, well-trained individuals in our workforce with the Department's declining commitment to Federal support for public education?

Answer: National spending on education reflects the primacy of State, local, and private responsibility for education. If the non-Federal sectors are to meet their traditional and constitutional responsibility to provide for education, a strong economy is essential. Strengthening the economy is the best way to strengthen the State and local tax base as well as to increase family incomes upon which education revenues are based.

In these times of lower inflation and greater economic growth, there have been increases in family discretionary income, dramatic growth in the value of college endowments, growth in corporate and alumni contributions to higher education, and large increases in State and local allocations. Economic prosperity has resulted in a greater willingness on the part of taxpayers and businesses to invest in education. These additional non-Federal funds are available to help offset proposed reductions in Federal appropriations. In addition, we will continue our strong leadership role, fostering national debate on education, so that education improvement remains a priority to the American people. While our policy is that financial support from the Federal Government for public education should not be maintained at high levels, the Department does not have a "declining commitment" to public education.

ADVOCACY ROLE OF SECRETARY

Question: How do you define the advocacy role of the Secretary of Education?

Answer: The advocacy role of the Secretary of Education is to be both a national spokesman on education issues, and an advisor to the President on the Federal role in education.

As a national spokesman, the Secretary's role is to provide national leadership in areas of critical concern. Through the "bully pulpit," the Secretary informs the American public about key educational concerns, initiates a national debate on how to address such issues, and provides leadership and guidance in areas of national significance. In a nonintrusive manner--through conferences, speeches, national commissions, technical assistance, and discretionary funds directed toward special problems--the Secretary can inspire and help those primarily responsible--States and localities--to improve American education.

As an advisor to the President, the Secretary's role is to act as principal spokesman within the administration on education, particularly regarding an appropriate Federal role. This is manifested in public policy statements, and the President's budget and legislative program each year. Through these avenues, the Secretary proposes initiatives, reforms to existing programs, and program and administrative funding levels for the Department of Education--all within the parameters of an appropriate Federal presence.

PARENTAL INVOLVEMENT IN CHAPTER 1 -- PITTSBURGH

Question: It is my understanding that a 1985 Department of Education site visit resulted in the abandonment of a program to familiarize parents of disadvantaged children with a computer training program run by the Pittsburgh Public Schools. Although the parent training program occurred after school and all additional costs were assumed by the Pittsburgh school district, Department of Education officials informed the district that continuation of the after school program would necessitate a prorating of the computer time. As a result, the parent program was eliminated. Why would the Department of Education obstruct efforts by local school district to increase parent involvement in the education of their children?

Answer: We do not believe that the Department's actions have obstructed any efforts by the Pittsburgh Public Schools to increase parental involvement. In the case that you cited, the Department's investigation indicated that Chapter 1 funds were used to pay for 30 percent of the cost of a computer assisted instruction (CAI) program, but that Chapter 1 students did not appear to be provided a proportionate amount of time on the system in relation to the Chapter 1 program's contribution to the cost. In addition, the computers were used in an adult education program with no compensation to Chapter 1 for the adult education program's share of the cost.

The Department's letter to the Pennsylvania Department of Education, stating what corrective action must be taken, instructed the State Educational Agency (SEA) to review the local school district's CAI program to determine whether Chapter 1 rules concerning comparability of services and supplement-not-supplant were being applied to Chapter 1 children participating in the program. The Pittsburgh Public School system was also instructed to review the use of the project's computers for the adult education program and make prorated adjustments to the Chapter 1 account, if necessary.

In its response to the Department's question about the school district's use of the computers for the adult education program, the Pennsylvania Department of Education indicated that this program was limited to Chapter 1 parents; that no registration fee or other costs were charged to the program participants; and that the local school district provided two classrooms at two schools and absorbed the cost of the custodian, security, and all utilities. The SEA further indicated that the local school district staff volunteered their own time in support of this program for Chapter 1 parents.

In its acknowledgement of the SEA's response, the Department accepted the justification that the adult education program was a legitimate program for Chapter 1 parents. Thus we are not sure why the Pittsburgh Public School System eliminated the parent program. The original corrective action did not suggest that the program be eliminated, but only that it be reviewed to determine if prorated adjustments were necessary.

The Department will contact the Pennsylvania Chapter 1 coordinator to clarify this issue about the use of computers for Chapter 1 in the Pittsburgh Chapter 1 program.

Question: Wouldn't you agree that parents who understand and share the school district's educational goals for their children may be better able to reinforce them?

Answer: We agree. We do not believe that our actions have discouraged such parental involvement.

IMPACT OF STUDENT FINANCIAL AID PROPOSALS ON PENNSYLVANIA

Question: Under the administration's fiscal year 1987 student aid proposals, an estimated 23,000 students in Pennsylvania would be ineligible for Guaranteed Student Loans; an additional 20,000 students would have loans reduced; and students receiving loans would have borrowing costs increased by 95 to 133 percent. Further, the budget proposal would mandate a fixed rate for lending institutions, thereby recreating the days when students could not find a lender willing to offer a loan. These proposals will have calamitous effects on postsecondary education in Pennsylvania, where family incomes of students who want to attend college are 12 to 15 percent less than the national norm, and where there has already been a significant drop in postsecondary participation rates by our most disadvantaged/minority/poverty level high school pupils.

How do you propose to prevent the loss of access to educational opportunity which your proposals will cause to occur?

Answer: Our budget proposals for the student financial assistance programs have been carefully designed to: (1) restore the traditional emphasis on parent and student responsibility for financing postsecondary education costs; (2) target available aid toward the neediest students; and (3) reduce or eliminate highly-subsidized Federal aid to students from higher-income families. Those students who would lose student aid eligibility under our proposals would be primarily those from higher-income families (who tend to qualify for very small amounts of aid under current program rules), those now inappropriately classified as independent of parental support, and those receiving incorrect award amounts.

Since the average annual cost of attendance at a public institution is approximately $4,000 (based on data from the Center for Statistics), the grant, loan and work assistance available under our proposals would put the opportunity for a college education within the reach of every eligible student, although some students may elect to attend lower-cost schools. Our proposals include a new Income-Contingent Loan Program, which will substantially increase borrowing limits over what is possible under the current Direct Loan program. Undergraduates could borrow up to $4,500 per year, and graduate students up to $10,000 per year, while repayments would be eased by basing them on the borrower's annual income.

Eligible students will also continue to be able to borrow under the Guaranteed Student Loan (GSL) program. We do not expect our proposed reduction in the special allowance paid to lenders under the GSL program to discourage lenders from participating in the program. Nor do we expect students to have difficulty locating a GSL lender. Lender yields on student loans will still be competitive with other types of investments. In fact, the current yield is so great that some lenders compete aggressively to attract borrowers with rebates and gifts.

The higher-income students whose aid is eliminated or reduced under our proposals (as well as lower-income students wishing to attend high-cost institutions) would still be eligible to borrow up to $5,000 annually, and up to $25,000 cumulatively, under the PLUS loan program. Such students might also be eligible for non-Federal financial assistance from State, private and institutional sources. Given the alternatives available for financing education, we do not expect any student to be denied access to a college education under our policies.

CHAPTER 1 VOUCHER PROPOSAL

Question: Many of our cities are experiencing financial difficulties which prevent increased support for public schools. The administration's voucher proposal would further decrease funds available for public education. Why is the Department advocating initiatives such as vouchers which would undermine and weaken our public education system?

Answer: The voucher proposal will not weaken the public school system. To the contrary, providing parents with a choice and increasing parental involvement through a voucher program will create a healthy element of competition that will improve public schools. Given a choice, most parents still choose public schools. For example, in Maine and Vermont, which have systems that allow families to choose a public or private school, most families still select a near-by public school. Thus, the places that do provide parents with this kind of choice have not weakened their public school systems.

SUBCOMMITTEE RECESS

Senator **Weicker**. The subcommittee will stand adjourned until tomorrow morning, April 10, at 9:30 a.m., when we shall hear testimony from the following: Departmental Management, Office for Civil Rights, Office of the Inspector General, compensatory education for the disadvantaged, special programs, and impact aid.

[Whereupon, at 12:35 p.m., Wednesday, April 9, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, April 10.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, APRIL 10, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:30 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Andrews, and Harkin.

DEPARTMENT OF EDUCATION

DEPARTMENTAL MANAGEMENT

STATEMENT OF BRUCE M. CARNES, DEPUTY UNDER SECRETARY FOR PLANNING, BUDGET AND EVALUATION

ACCOMPANIED BY:
- ALICIA CORO, ACTING ASSISTANT SECRETARY FOR CIVIL RIGHTS
- JAMES B. THOMAS, JR., INSPECTOR GENERAL
- THOMAS P. SKELLY, DIRECTOR, BUDGET SYSTEMS DIVISION, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

OPENING REMARKS

Senator WEICKER. The subcommittee will come to order.

The first account we will be discussing this morning from the Department of Education will be the "Departmental management, salaries and expense" account. The principal witness is Bruce Carnes, the Deputy Under Secretary for Planning, Budget and Evaluation.

Mr. Carnes, why don't you proceed as you wish with your entire statement being included in the record, and you might want to introduce your colleagues.

Mr. CARNES. Thank you very much, Mr. Chairman. I am pleased to be here to discuss salaries and expenses for the Department of Education with you.

INTRODUCTION OF ASSOCIATES

On my immediate right is James Thomas, our inspector general. On my left is Alicia Coro, Acting Assistant Secretary for the Office for

Civil Rights [OCR], and to her left, Tom Skelly, Director of the Budget Systems Division in the Office of Planning, Budget and Evaluation.

PREPARED STATEMENTS

Mr. Thomas and Ms. Coro also have statements, Mr. Chairman, which I would request be placed in the record.

Senator WEICKER. Absolutely.

[The statements follow:]

STATEMENT OF BRUCE M. CARNES

I am pleased to appear before you to present our 1987 budget request for Salaries and Expenses for the Department of Education.

For 1987, we are requesting $295.8 million, an increase of $13.5 million above the 1986 sequester level of $282.3 million. Our request includes 4,451 full-time equivalent (FTE) employment, a decrease of 79 from the 1986 ceiling of 4,530 FTE or a decrease of 22 from the 1986 sequester level of 4,473. In addition, 49 FTE will be funded by the Indian Education appropriation, bringing the total for the Department in 1987 to 4,500 FTE.

Proposed Technical Changes

There are three technical proposals underlying our request. First, we are proposing the merger of the Office for Civil Rights and Office of the Inspector General accounts into the Salaries and Expenses (S&E) account for the Department. This change will simplify the Department's account structure in a fashion consistent with its relatively small total employment requirements and improve the Department's flexibility in managing S&E resources. The integrity and independence of the Inspector General's funding would be assured by establishing a floor in the S&E appropriation language which we are requesting in line with the 1984 report of the General Accounting Office on OIG budgeting.

Second, our display of the Salaries and Expenses request in the 1987 President's Budget identifies five activities: Postsecondary Education, Other Education Programs, Civil Rights, Inspector General and Executive Direction. The display is intended to show more clearly the costs of major Departmental functions by differentiating the needs of program offices from those of staff and supporting offices. In displaying these activities for your information, however, we do not intend that they be the basis for funding limitations within the overall amount appropriated in this account. The one exception is for the Inspector General, where budgeting independence is essential for ensuring objective operations.

Third, the 1987 request includes $7 million for administrative activities for the Student Financial Assistance and Guaranteed Student Loan programs, $90,000 for loan management of the Higher Education Facilities Loans Program, and $2.4 million for field reader activities, all or a portion of which were previously financed in program accounts. These administrative expenses will be transferred to the S&E account in 1987 where they are more appropriately financed. These transfers should essentially complete the series of changes begun with the 1984 Budget and supported thus far by the Congress to separate administrative and program costs. The changes are needed to ensure proper management of administrative resources and to provide complete cost data for evaluating the productivity of the Department's administrative activities.

Overall Request

Sixty percent of our S&E request is budgeted for employee salaries and benefits, 24 percent for contract and ADP expenses associated primarily with the student financial assistance programs, and 12 percent to meet the cost of our rent, communications, and utilities expenses. Within the total budget, 7 percent is for rent, 2 percent for the student aid survey and 15 percent for administering student financial assistance programs. Even though there are significant savings in the area of personnel compensation resulting from the reduction of 22 FTE and the proportion of GS-11-15 employees, the total request reflects an overall increase to cover increased built-in costs and key programmatic initiatives. For example, though we have succeeded in budgeting substantial savings in some object categories in 1986, we are faced with rate increases outside our control in 1987. General Services Administration rate increases will result in a $3.2 million increase in our rent and telecommunication charges even though our net rent will be partially offset by reducing the office space for our staff. The 1987 SLUC request is predicated on office space holdings of 978,000 square feet, down 7 percent from our 1985 holdings.

Debt Collection

Efforts to improve debt collection are expected to result in substantial increases in Department receipts in 1987. Total GSL and NDSL collections are estimated to increase by an additional $201 million, or 52 percent in 1987. These increases result from major new initiatives designed to improve the management and cost effectiveness of the Department's debt collection efforts.

In 1985, the Debt Collection and Management Assistance Service was created within the Office of Postsecondary Education to provide more consistent and effective management of all higher education debt collections. The Service's staff operates primarily out of regional offices in Atlanta, Chicago, and San Francisco and coordinates all higher education debt collections, including direct Federal student loan collections which are accomplished through contracts with private debt collection agencies. At a cost of $16.5 million, which is deducted as commission from the collections, nine contractors are expected to recover nearly $83 million in 1987.

In 1986, the Department initiated the offset of Federal income tax refunds owed defaulters. Applying the offset will result in additional collections of $116 million in 1986 and $229 million in 1987. Both the IRS offset and contract collectors are expected to boost total Federal collections by $200 million from 1986 to 1987 or by almost twice the total collected in 1985. The 1987 Budget request includes an additional $900,000 to cover the processing costs of this expected increase. In addition, the Department is also seeking legislative authority for a number of debt collection improvements, including the sale of portions of the Department's default portfolio.

FTE Reduction/Savings

In 1987, our employment objective is to eliminate excess overhead staff and duplicative administrative functions and maintain staffing in program offices. This reduction in overhead, together with the Department's continued effort to reduce the number of positions at grades 11 through 15, will allow a net total savings in personnel compensation and benefits of $2.5 million in 1987.

Student Aid Survey

The most significant increase in the Department's 1987 S&E budget is the $6 million to complete the bulk of a student financial aid survey. This survey has the broad support of the postsecondary education community. In 1986, we initiated a pilot study for what will become the broadest, most comprehensive survey ever undertaken to collect data on both recipients and non-recipients of student aid. The first stages of analysis of the collected data from the full-scale survey will begin in 1987 and be completed in 1988 at a total cost of about $11 million over the three years. This is a relatively small amount compared to the $9 billion spent on Federal student aid in 1985.

We are proud that the Department's management improvements and initiatives will enable us to operate in 1987 at a level which, while ensuring efficient and effective program administration, will also provide the Congress and the Administration with the comprehensive data needed to examine student aid policies, legislation, and budgets.

Mr. Chairman, thank you for the opportunity to present our request. My colleagues and I will be happy to answer any questions.

STATEMENT OF ALICIA CORO

Thank you for the opportunity to appear before you to discuss the Fiscal Year 1987 salaries and expenses budget requested for the Office for Civil Rights (OCR).

The Office for Civil Rights requests a budget of $38.2 million that will support a full-time equivalent (FTE) staff of 840. Of that request $31.1 million, or 81 percent, is needed for salaries and benefits and $7.1 million, or 19 percent, is for office expenses that include travel, contracts, supplies, printing, mailing, ADP equipment and services.

The requested FTE level of 840 is based on OCR's current estimate of annualized FTE usage. I believe this staff level in Fiscal Year 1987 will permit OCR to effectively enforce the civil rights laws for which the Office is responsible.

A series of important management improvements undertaken in 1985 and continuing in 1986 has enabled OCR to meet its statutory responsibilities with fewer staff positions and expenses. OCR's improved performance is exemplified by our successful reduction in the average age of pending complaints and, for the first time, the achievement of substantial compliance with court ordered time frames for processing cases.

Performance Improvements

The most critical factor influencing OCR's operations is the application of a combined consent decree resulting from lawsuits brought by civil rights groups during the past decade alleging inadequate enforcement of the civil rights laws. Litigation in three cases in the U.S. District Court for the District of Columbia, Adams v. Califano, Brown V. Califano and WEAL v. Califano resulted in a 1977 consent order that established specific time frames for processing complaints and compliance reviews. Over the past several years, OCR has achieved increased compliance with these court imposed time frames and has eliminated a large backlog of cases. The average age of pending complaints has been reduced from 587 days at the end of Fiscal Year 1983 to 217 days at the close of Fiscal year 1985. It is important to note that both of these accomplishments were achieved with a smaller but better managed staff.

Management Initiatives

I would like to highlight a few of OCR's management initiatives. One of the major management improvements that enhanced OCR's efficiency was the realignment of staff functions that were overlapping and the clarification of the responsibilities of each manager. Data collection and analysis functions, which were formerly spread throughout the office, were consolidated into one unit. Another unit was designated with the responsibility for operational and technical assistance planning as well as for program training. The policy and enforcement responsibilities were realigned to expedite the development of critical policy guidance and headquarters case review.

Another management initiative was the development and implementation of a comprehensive and ambitious Management-by-Objectives (MBO) program designed to improve OCR's performance in accomplishing major policy, program, and management assignments. The system, which has been refined over the past three years, is based on annual goals set by the Secretary and the Assistant Secretary. The system provides the Assistant Secretary with the tools to monitor the performance of managers and supervisors across the organization and makes managers and supervisors accountable for the performance of their subordinate staff.

Greater attention has been given to the provision of clear policy guidance to OCR's regional offices. Formal regular communications between the Assistant Secretary and regional directors are now conducted in bi-weekly staff meetings via telephone conference and periodic "roundtable" discussions.

Understandable and consistent policy guidance is an important factor in improving OCR's case processing. Recently OCR implemented the first phase of an ambitious policy codification project that will provide immediate access to significant policy documents for OCR's investigative and legal staff. Although staff members are familiar with the most significant policy documents addressing major issues, there are many other issues that are less well known. The policy codification project will meet the critical need for a comprehensive, uniform and consistently applied system for codifying OCR policy guidance documents, and for the timely dissemination of these documents to OCR staff. In addition, a major revision was made in the Investigations Procedures Manual, which sets out the procedures for the investigation of complaints nationwide. Each OCR investigator and regional attorney uses the Manual in his daily activities, including pre-investigation, on-site, and post-investigation activities. The Manual ensures that a high level of quality is maintained at all stages of OCR enforcement activities.

OCR has encouraged efforts to achieve voluntary compliance with the civil rights laws through the use of technical assistance and coordination with State and local agencies. OCR has initiated Memoranda of Understanding to sharpen awareness of civil rights responsibilities at the State and local level and encourage voluntary compliance with the civil rights laws. As of March 31, 1986, OCR had 44 formal Memoranda of Understanding and a number of informal understandings with State and local education and human rights agencies to facilitate meeting mutual civil rights compliance goals and objectives and to promote the sharing of information.

The changes described in OCR's operations have resulted in a more efficient and streamlined organization. I believe the continuing benefits from the changes will enable OCR to conduct its compliance and enforcement program effectively.

Mr. Chairman, and Members of the Committee, I will be happy to respond to any questions you man have.

STATEMENT OF JAMES B. THOMAS, JR.

Thank you for the opportunity to discuss our Fiscal Year 1987 budget request for salaries and expenses of the Office of Inspector General.

The Office of Inspector General (OIG) was established to promote economy and efficiency and to detect waste, fraud and abuse in Federal education activities. For Fiscal Year 1987, we are requesting a budget of $16.4 million and 300 full-time equivalent (FTE) staff. This is an increase of 21 FTE over projected Fiscal Year 1986 usage and an increase in budget authority of $1.7 million over the 1986 sequester level.

At the beginning of Fiscal Year 1986, the Office of Inspector General's authorized and funded FTE level was 304. However, increases in office space rental charges, telecommunications costs, and computerrelated leases and services led the OIG to limit employment to 285 FTE. The Gramm-Rudman-Hollings sequester further reduced the amount of funds available and staffing is now being limited in 1986 to a projected FTE usage of 279. Under the 1987 budget request, this number will increase to 300 FTE -- a decrease of 4 from our 1985 level.

Of the total 1987 budget request for OIG, 78 percent is for salaries and benefits. An additional $193,000 is requested for more audit and investigation travel. Fixed increases beyond our control will require $262,000 more for office space rent, and $145,000 for communications, utilities, and other rental expenses. An additional $100,000 is necessary for building renovation deferred from 1986 and to support office space reduction.

In Fiscal Year 1985, the OIG issued and/or processed 3,737 reports on audits of ED program recipients and Departmental operations. These audits recommended disallowance of costs totaling $52.6 million, questioned additional costs of $16.2 million, and recovered a total of $12.3 million in audit related activities. In addition, we completed 894 investigations and inquiries resulting in 171 indictments and 159 convictions. Other initiatives produced recommendations for improved efficiency and increased organizational effectiveness.

OIG reviewed 391 regulatory and legislative proposals in Fiscal Year 1985. These reviews resulted in numerous recommendations to effect needed improvements to increase economy and efficiency of operations and to decrease the potential vulnerability of the Department's program of fraud, waste and abuse. The OIG's 1987 budget request will provide increased support for these audit and investigation activities.

I will be happy to respond to any questions the Committee may have.

BIOGRAPHY OF BRUCE M. CARNES

POSITION : Deputy Under Secretary for Planning, Budget, and Evaluation

BIRTHPLACE AND DATE : Xenia, Ohio - May 19, 1944

EDUCATION : University of Colorado, 1966, B.A.
Indiana University, 1969, M.A.
Indiana University, 1971, Ph.D.

EXPERIENCE

8/85 - present : Deputy Under Secretary for Planning, Budget, and Evaluation, U.S. Department of Education

2/85 - 8/85 : Acting Director of Administration, National Endowment for the Humanities

7/83 - 4/85 : Director, Office of Planning and Budget, National Endowment for the Humanities

7/79 - 7/83 : Assistant Director, Office of Planning, National Endowment for the Humanities

9/78 - 7/79 : Program Specialist, Graduate Fellowships, Office of Education

8/76 - 9/78 : Program Analyst, Planning Staff, Postsecondary Education and Higher and Continuing Education, Office of Education

9/71 - 8/76 : Assistant Professor, English, James Madison University

HONORS, AWARDS, & FELLOWSHIPS : Superior achievement award, National Endowment for the Humanities, 1985

: Outstanding performance rating; highest allowable merit award, 1984

: Outstanding performance rating and merit increase for overall performance, National Endowment for the Humanities, 1983

: Cash Award for outstanding management, National Endowment for the Humanities, 1982

: Nominated for outstanding performance in Graduate Training Programs at the U.S. Office of Education, 1979

: Received the highest performance ratings for teaching, publication and research at James Madison Unversity, 1971 - 1976.

: Merit-based teaching assistantship, Indiana University, 1967 - 1971.

: Merit-based scholarship, University of Colorado, 1962 - 1966.

SALARIES AND EXPENSES BUDGET REQUEST

Mr. CARNES. I will take just a few moments, Mr. Chairman, if I could, to summarize the highlights of our request for salaries and expenses.

For fiscal year 1987, we are requesting a total of $295.8 million in salaries and expenses. This is an increase of $13.5 million over the 1986 sequester level of $282.3 million. These funds will support a full-time equivalent [FTE] employment level of 4,500 persons. This is a slight decrease from the 1986 level of 4,579. It is down 1.7 percent in full-time employment. None of those reductions will be taken in program offices; rather, they will all be confined to what is known as executive direction.

Our budget for 1987 proposes the consolidation of our three S&E accounts. This is a proposal that we have advanced in prior years, and we request that it be considered again, to consolidate the accounts for civil rights, inspector general, and salaries and expenses for departmental management. Our argument here is that this would simplify account structure and improve our flexibility to manage our resources.

Our display for salaries and expenses funds for this year shows five activities—postsecondary education, our largest single program area; other education programs; civil rights; inspector general; and executive direction. We believe that this display shows more clearly the cost of the major functions of departmental management, and it also indicates the priority which we are placing on program offices over staff offices.

Our 1987 request is allocated as follows: 60 percent of the available funds would go for salaries and benefits for personnel; 24 percent would be allocated to contract and ADP services, primarily associated with the student aid programs; and 12 percent would be allocated to rent, communications, and utilities.

Our request provides increases for built-in costs such as a $3 million increase indicated by GSA in our overall rent; the improvement of our debt collection activities such as the IRS offsets of defaulted loans; and a student aid survey for which we are proposing an increase in the amount of $6 million for 1987, which will enable us and the Congress to have better information with which to shape student aid policy.

With that, Mr. Chairman, I will close my opening remarks and I will be very happy to take any questions that you might have.

ACCOUNT MERGER

Senator WEICKER. Let's talk for a few minutes about the merging of the Inspector General's Office with the Office for Civil Rights. I believe the word you used was flexibility. I think that that is probably an accurate word. Am I correct?

Mr. CARNES. Yes, sir.

Senator WEICKER. It is probably a good word, and that is probably part of the reason why I am concerned. Two years ago, for example, you received criticism from us for using funding appropriated for the Office for Civil Rights to buy postage stamps for the entire Department, even though those two accounts were entirely separate.

What assurance do we have that you are not going to find even more creative ways to expend the money for the Office for Civil Rights on other matters?

Mr. CARNES. That is a very good question, Mr. Chairman. We would recommend and we are proposing that the S&E funding for the Office for Civil Rights and the Office of Inspector General be protected by a minimum guarantee of funds allocated for those offices to support their activities and to guarantee complete integrity and separateness from the Department.

The difficulty that we are trying to address, Mr. Chairman, is that when we propose a budget, obviously, as you are well aware, we are making an estimate of what our expenses are likely to be in such areas as postage, mail, communications, and rent, 2½ years prior to when the fiscal year ends.

It is occasionally the case that by the end of a fiscal year there have been increases that were unforeseen in such activities as communications, or field reader costs for the processing of applications.

At the current time, there is some flexibility where if a shortfall occurs in any particular category in the Office for Civil Rights, or in the Office of the Inspector General, money can flow from the Department to them, but it can't flow in the other direction. We understand the rationale behind that policy, and that is why we are proposing to guarantee that there be a floor below which they could not go. But we would like also to see that it would be possible for funds to cross between the Office for Civil Rights and the Office of the Inspector General, for example, which now does not happen.

It is our estimate that the Office for Civil Rights is going to have a surplus and has indeed run a surplus in S&E funds while other areas of the Department, such as the Office of the Inspector General, are hard-pressed.

Senator WEICKER. I think that the argument for the Office of the Inspector General applies not only to your Department, but also every other Department. The Congress is very anxious to have the inspector general totally free in terms of financial influence. So I don't have any particular remarks to make vis-a-vis this inspector general, I think that this is what you are going to find in terms of Congress' attitude toward bringing the inspector general into your financial direction.

ENFORCEMENT OF SECTION 504

I have some clear cut remarks to make if we have surpluses sitting over in this little Department here, especially when I again repeat today what I said yesterday, when I hear the National Council on the Handicapped asking who is enforcing section 504 of the Rehabilitation Act. Now, I wonder what is going on.

Ms. CORO. With regard to enforcing 504, we have closed over 2,000 cases in fiscal year 1985, and over 40 percent of those were 504 cases. It is true that our complaint caseload has gone up with regard to 504 cases to about 48 percent, but I think we have a good track record over the last 2 fiscal years of taking those complaints very seriously and going for enforcement.

In the last 3 to 9 months, we have initiated administrative enforcement actions in eight cases. Seven of these cases are at the elementary and secondary level, and one is in postsecondary education. Of those seven cases, two were brought against local education agencies, and they have to do with making sure that handicapped children are provided a free and appropriate education. The other five cases were brought against State agencies.

One of the major State education agencies has a problem with providing due process for placement of handicapped children. The Office for Civil Rights has brought two enforcement actions against that State. We have also initiated enforcement in two local education agencies which have denied access to investigate section 504 complaints against them.

So I think that we have a record, Mr. Chairman, of what we have done in the area of section 504 in the past few months.

COMPLAINTS REFERRED TO JUSTICE DEPARTMENT

Senator WEICKER. I see that 43 percent of the complaints you receive for alleged discrimination were based on handicap, and that was last year, and 48 percent of the complaints are based on handicap this year.

How many cases were sent to the Justice Department for resolution?

Ms. CORO. We have sent over 20 cases over the past 2 years. We have not sent a case in the last 6 months to my recollection.

Senator WEICKER. Why?

Ms. CORO. We are currently discussing the criteria internally in the Department to determine what types of cases we are going to send to Justice and procedures for reviewing those cases.

OFFICE FOR CIVIL RIGHTS COMPLAINT CASELOAD

Senator WEICKER. What is the unresolved caseload at this time?

Ms. CORO. In total, our caseload is over 1,000.

Mr. SKELLY. That is right, it was approximately 1,009 complaints that were on hand at the start of this fiscal year, and we are estimating that we will have about 931 complaints on hand at the end of this year, including new ones that come in, minus the ones that are closed.

Mr. CARNES. I think the point, Mr. Chairman, if I may, is that by all measures—cases that we have handled, cases that have been submitted to us, complaints on hand, complaints resolved—those workload measures have declined. We have eliminated backlogs and made appreciable headway in the resolution of these cases. I think that that explains part of our request in the area of civil rights.

Senator WEICKER. How many personnel did you have in your office in fiscal year 1986, and how many do you anticipate in fiscal year 1987?

Ms. CORO. We have 830 FTE now, and we have a ceiling of 860 FTE for fiscal year 1986. We are requesting 840 FTE, and we feel that that is adequate to enforce civil rights and to carry out our responsibilities under the civil rights statutes.

Senator WEICKER. Yet, you are basically, as I read the figures, and correct me if I am wrong, staying roughly even with your caseload as far as resolution and new cases are concerned. You are basically carrying 1,000-case backlog; is that right?

Ms. CORO. Approximately, yes. OCR has approximately that number of cases in progress. What we have to realize is that OCR has recently moved forward aggressively with the implementation of a management system, which facilitates the work of the staff throughout OCR. The bulk of the staff is in regional offices.

Along with a new management system in place, we also have a highly structured performance appraisal system which is tied to a management by objectives program whereby all the supervisors and managers have strict deadlines to meet. Our work is progress-oriented, as you can imagine, so that we can assure that activities are completed on time. I think that this has been very effective in making sure that we comply with the court orders. We are at about 90 percent within the compliance timeframe set by the Adams order.

The average age of our pending complaint workload at the end of fiscal year 1985 was down to 217 days. It was over 500 days 2 years ago.

Mr. CARNES. One additional point to supplement Ms. Coro's remarks, if I may, Mr. Chairman. The number of complaints on hand has declined by over 50 percent in the last 4 years. So we have made significant progress. What we are talking about is that the staffing that we are proposing is adequate to deal with the cases on hand, particularly given the significant reduction we have had in cases on hand and the progress that has been made.

CIVIL RIGHTS ENFORCEMENT

Senator WEICKER. The article of January 2 of this year in the Post indicated that, just to use the first paragraph:

> The House subcommittee accused the Education Department, the Justice Department yesterday of failing to enforce Federal civil rights laws in school districts who discriminate against blacks, women, and the handicapped.

I gather that you went through this with the House, and perhaps you would like to tell me exactly how you view that charge.

Ms. CORO. We have that report in house, and we are considering all the recommendations very carefully. Hopefully, we can answer Congressman Weiss.

Senator WEICKER. What bothers me, as I was not privy to those hearings on the House side, but I was privy to my own hearings where the same complaint, specifically as to the handicapped, came forth from the Chairman of the National Council on the Handicapped. So I have to wonder what is going on.

I say all this in light of the request to merge your operation fiscally with the Office of the Inspector General.

Mr. CARNES. Again, let me clarify that point, Mr. Chairman. We are not seeking to merge purely. We want to make sure that it is clear that we will guarantee the fiscal autonomy of the Office for Civil Rights.

But in cases where we have an excess of S&E funds, where they are not needed in the Office for Civil Rights or in the Office of the Inspector General, there is occasionally a need to meet other costs in other areas of the Department. Rather than have those funds lapse, our proposal is to make them available. But we would not beggar the Office for Civil Rights in order to do that.

Ms. CORO. In answer to your question, on March 24, 1985, OCR initiated administrative enforcement proceedings seeking fund termination of one State education agency for the State's failure to assure that a handicapped child received due process. I was referring to that earlier.

On January 27, 1986, we moved with administrative enforcement proceedings with two local education agencies which had denied OCR access information necessary to investigate a 504 complaint. In the last 30 days, we also advised two local education agencies that we had found violations of section 504.

OCR STAFFING REDUCTION

Senator WEICKER. Let's go to the specifics on the employment figures. As you know, the Subcommittee has long challenged the staffing levels of OCR. Last year, we were told that the staff level for the office was adequate. At that time, the number of staff on board stood at 892. In the interim, the office has been criticized for not conducting compliance reviews within the timeframe specified by court order.

After having been advised last year that 892 positions are adequate, and after the office has received criticism about its pace for handling these cases, we see that you propose to reduce the staff by 65, down to 827 for 1987.

If 892 was adequate, I, of course, have to ask the question, what is 827 going to do in terms of the efficiency and effectiveness and timeliness with 65 fewer?

Ms. CORO. First, we have a ceiling of 860 FTE for 1986. We have some recruitment actions in process, and it takes time to fill Federal jobs. Those recruitment actions are in place now, and we intend to fill some of those jobs, trying to get up to our ceiling of 860 FTE for 1986.

We will actually be OK in 1987 because of the time lag, and we think that 840 would be adequate for 1987 to carry out our responsibilities.

Senator WEICKER. Was this your recommendation, or was it OMB's recommendation?

Ms. CORO. We participated in the discussions internally in the Department with OPBE, and OPBE dealt directly with OMB.

Mr. CARNES. OMB did not provide this figure. This is a figure which we, in the Department, recommended for the Office for Civil Rights.

Quite a fair point about the compliance timing with the Adams order—obviously, those time constraints are extraordinarily difficult to meet, and every Assistant Secretary who has ever been at the Office for Civil Rights has complained of those time lines which they believe are unrealistic, almost impossible to meet.

However, we have almost cut in half the amount of time under which we are processing those complaints. As I said, the workload measures otherwise have decreased tremendously in the Office for Civil Rights.

We think that, indeed, with a staffing level of 840 FTE's that we will continue to make progress. We are not satisfied with just staying even. We want to get full compliance, and to be as speedy as we can on the resolution of these cases, and we believe that this staffing level will enable us to do it. If it proves that level is not sufficient for us to do the job, then we will be back to the committee seeking additional resources.

Senator WEICKER. I doubt that.

Ms. CORO. I would like to refer to the Adams timeframe compliance rate for both complaints and reviews, which was 90 percent through September 1985. I think that we are doing our job.

OCR'S OUTREACH ACTIVITIES

Senator WEICKER. What about the job of informing people of what their rights are?

Ms. CORO. We continue to do that through our technical assistance activities. We had over 1,000 deliveries of technical assistance in fiscal year 1985.

Senator WEICKER. What does that mean?

Ms. CORO. That means that we provide information to recipients and to beneficiaries.

Senator WEICKER. 1,000, that doesn't sound like very much to me when we are talking about 27 million people that fall into this category. It is but a drop in the ocean.

Ms. CORO. That figure is recorded in our information system, as every time OCR has a contact and provides information.

Senator WEICKER. Do you mean information requested of you?

Ms. CORO. Yes.

Senator WEICKER. The question is, what do you do to let everybody know what their rights are? Do you have any sort of national advertising, or anything of that nature?

Ms. CORO. We use community groups, and we use local conferences of the advocacy groups to provide information. We always make sure that someone from the Office for Civil Rights attends conferences in the different regions.

Senator WEICKER. What is your advertising budget?

Ms. CORO. Are you talking about printing?

Senator WEICKER. I am talking about television, radio, printing.

Mr. SKELLY. I am not sure that we have a separate advertising budget, Mr. Chairman, but there have been videos prepared. One that I recall was brought to this committee's attention a few years ago, and it was dealing with civil rights of the handicapped. Ads are usually run at times when TV stations don't have a lot of advertising, and they are usually run for free. It is called public access time. There are ads provided by the Office for Civil Rights, which are run in those times. There hasn't been new development costs for those ads, and there is not a charge from the television stations that run them.

Senator WEICKER. I think we should clarify your statement before leaving your area—civil rights. With regard to an outreach situation—that is really the nature of the question—what is spent on outreach? Can you answer that, either in terms of personnel, in terms of your time?

Ms. CORO. We will have to provide the breakdown in terms of the different specifics if you want those for each activity.

Mr. SKELLY. The bulk of the staff is dedicated to investigating discrimination complaints. The second biggest activity are the compliance reviews because they are court ordered. Technical assistance is the third major function of the office, and it does have fewer people devoted to it than either of the others since they are such a pressing priority.

OCR TECHNICAL ASSISTANCE

Senator WEICKER. How many people are in technical assistance?

Ms. CORO. I would say about one-third of each regional office staff is engaged in technical assistance. Because of the cost control measures that we have imposed on travel, for example, we have employees who are normally doing investigations, also providing technical assistance. OCR is combining trips, so we have multipurpose trips. Rather than sending 10 people to a recipient institution, we may now send two or three people. We are combining activities, trying to manage more efficiently. I think that the taxpayers appreciate that.

Mr. SKELLY. Of the total OCR staff, approximately 670 are in the regional offices, and as many as one-third of those regional people are involved somewhat in technical assistance. Perhaps as many as 200 of the staff are involved.

Senator WEICKER. I will bet you that not 2 percent of the U.S. population that might have cause to use the laws that are under your direction know of those laws.

Ms. CORO. I don't know. I can't answer that. Is it 2 percent or 10 percent?

Senator WEICKER. I will bet you that it is not even 2 percent; that is why I want to know what kind of an outreach program we have.

Ms. CORO. OK, we can provide that.

Senator WEICKER. God knows, as a member of my staff indicated to me, I see the advertisements all over the place, join the Marines, join the Navy, join the Army. That Department has a hell of a budget for advertising for recruiting. These laws are probably the most effective laws that we have on the books.

The Harris poll that was commissioned by the National Council on the Handicapped, which was presented to my committee by the President of the Harris Corp., commented that there has never been a better example of effectiveness insofar as Federal legislation is concerned than the laws on the books on behalf of the handicapped and the disabled.

Then we get to the business that, No. 1, they have their rights under section 504 and Public Law 94–142, et cetera, then, of course, we have those matters that relate to discrimination in other forms, on the basis of sex, or the basis of color. That is a pretty big job, it seems to me, and a very crucial one, probably more crucial than any other phase of a person's life.

I hear from the black community that you are not doing your job, and from the handicapped community that you are not doing your job—I am not talking about you personally.

Ms. CORO. I understand.

Senator WEICKER. That is a concern. Then I see the reduction in the staffing levels.

I think, Mr. Carnes, I would certainly be more prone to believe, if you want to give me a fiscal hook on this situation, if we had a better track record insofar as at least the public record is concerned.

Mr. CARNES. I understand your point, Mr. Chairman. I understand your point also about what you hear from various advocacy groups concerning these issues. Nonetheless, our data are such that, in fact, in terms of actual complaints, the total number is declining. So, notwithstanding the fact that certain persons are making allegations about the assiduousness with which we pursue these matters, the fact is that both the complaints are declining and our track record in processing the complaints is improving dramatically.

Senator WEICKER. I don't see that it is improving dramatically; again, we still have a backlog. But that is not the point that I am making. The point that I am making is that it is probably less because nobody knows what their rights are. I would like to see a little advertising going on here, to let them know. I think that you are going to get some action once everybody knows.

Mr. CARNES. We will provide, for the record, an accounting of what it is we do in the area of outreach on this matter.

Ms. CORO. We will be happy to do that.

Senator WEICKER. Hoorah for those conferences, I think that it is great; they all sit around, those that are elected, the bureaucracy, and the private sector and discuss issues. But we are talking about the millions out there who aren't aware of the laws and the only contact they are ever going to have with these laws is if they happen to see something or hear something. You have to do that either in the print media, radio, or television.

As I understand it, this is one aspect of the job of this division, this technical assistance, would that be correct?

Ms. CORO. Yes.

Mr. CARNES. We will detail that for you.

Senator WEICKER. I would like to have that detailed as to exactly what is being done in the outreach area.

Ms. CORO. Fine.

[The information follows:]

THE OFFICE FOR CIVIL RIGHTS TECHNICAL ASSISTANCE OUTREACH PROGRAM

BACKGROUND

OCR defines technical assistance (TA) as information and services designed to inform beneficiaries of their rights and/or to facilitate Department of Education (ED) recipients' voluntary compliance with civil rights laws. Since the initiation of OCR's TA program in 1979, OCR has operated a TA program that is both reactive and proactive (outreach). In the early years of the program, OCR's regional technical assistance staff promoted its TA program extensively through mass mailings to ED recipients and beneficiaries informing them of the availability to OCR's TA services and publications. Also, some regional offices initiated meetings with State and local education agencies, beneficiary organizations, and recipients' professional associations to identify technical assistance needs and designed TA initiatives to address these needs. In addition, OCR contractors conducted workshops, developed brochures, and operated clearinghouses for ED recipients and beneficiaries. Beginning in FY 1983, OCR's contract program was phased out in favor of technical assistance provided entirely by OCR staff.

In FY 1984, OCR regional offices were encouraged, based on the availability of resources, to initiate additional outreach activities with State and local education agencies, postsecondary education institutions, and beneficiaries. Management-by-Objective plans were developed by regional staff containing specific objectives designed to encourage recipients' voluntary compliance and to extend States' capacity and responsibility for assuring compliance of subrecipients with civil rights requirements. In addition, OCR's Technical Assistance Management System (TAMS), which was fully automated in FY 1985, was revised to track all substantive technical assistance activities, including outreach.

OUTREACH INITIATIVES

Between October 1, 1984, through March 31, 1986, OCR conducted 335 TA activities as a result of OCR's outreach efforts. Prior to the implementation of TAMS, OCR tracked all TA activities conducted as a result of requests or outreach initiatives under one reporting category. However, TAMS is designed to distinguish between outreach and other TA activities. Thus, the outreach data discussed here are based on TA information entered in TAMS between October 1, 1984, through March 31, 1986. Most outreach initiatives were delivered through out-of-office activities, such as participation at meetings, conferences, and training workshops. These efforts usually resulted in an increase of subsequent TA requests for OCR's participation at recipient and beneficiary sponsored activities. The type of outreach activities initiated during the past two years varied among the regions, as outreach initiatives are designed to address unique regional needs. The majority of outreach initiatives addressed multiple bases concerns and primarily involved recipients and beneficiaries.

For the most part, outreach initiatives were planned in response to recurring compliance problems and/or were designed to improve communication and cooperative efforts with ED recipients and beneficiaries. Outreach efforts included: a) meetings with State vocational education administrators to assist State education agencies (SEAs) in implementing their vocational education methods of administration (MOA) compliance program; b) participation at recipient education associations' conferences to outreach local education agencies (LEAs) and postsecondary education institutions; c) meetings with beneficiary organizations to increase TA under Title VI; d) meetings with groups representing ED recipients and beneficiaries to inform them of OCR's TA services and their responsibilities under Section 504, Title VI, and Title IX; and e) information sharing activities consistent with memoranda of understanding (MOU) with State education and human rights agencies. Highlights of outreach activities conducted during the past two years are presented below.

SECTION 504

Educational Setting

- OCR staff initiated a meeting with a State education agency (SEA) to address a recurring compliance problem regarding the Section 504 appropriate educational setting provision. Many intermediate and local education agencies throughout the State continue to isolate certain classes of handicapped students when such isolation appears unnecessary. At the meeting, OCR emphasized that the existence of segregated schools for handicapped children contributes to misconceptions about children with disabilities and is likely to result in inappropriate segregated placement decisions. The SEA identified two major problems with implementing least restrictive environment (LRE) programs: 1) the tendency of school districts to place students in existing segregated facilities; and 2) parental preference for placement of their handicapped children in segregated facilities, which they perceive as safer than mainstream programs. OCR staff advised the SEA to implement a parent training program on LRE, emphasizing the benefits (e.g., educational, career) of mainstreaming handicapped children. OCR agreed to provide the SEA with recent studies on the effectiveness of mainstream programs for handicapped children and will assist the SEA in conducting a parent training program on LRE. The SEA also agreed to increase information available to parents on LRE. OCR also initiated a meeting with a State protection and advocacy agency in the State to discuss problems related to the adverse impact of segregated placements on statewide efforts to achieve LRE. (Region V)

Free Appropriate Public Education

- OCR staff initiated an outreach program designed in one State to increase voluntary compliance among local education agencies (LEAs) and intermediate education units (IEUs). Based on available compliance data and information, the region identified a need for better information to school districts on the Section 504 provisions regarding a free appropriate public education.

OCR initiated meetings with several LEAs and IEUs which focused primarily on the similarities and differences between Section 504 and P.L. 94-142. Topics addressed included: evaluation, placement, disciplinary actions, overrepresentation of language minority children in classes for the educable mentally retarded, and strategies for preventing inappropriate placements of handicapped children in special education programs (e.g., procedures for reviewing students' records to ensure that limited-English-proficient children are not improperly assigned to classes for educable mentally retarded students). Information was also provided on other TA services available through OCR. (Region VI)

Auxiliary Aids

° Based on recurring Section 504 problems in library programs, OCR staff conducted Section 504 workshops for college library staffs. This outreach activity was initiated through planning meetings with a State library board of commissioners during the first quarter of FY 1985. OCR staff discussed subparts A - E of the regulations with particular focus on successful strategies for achieving program accessibility and for providing auxiliary aids and services in a library setting. Examples of successful strategies provided included reserving books by telephone, allowing a third party to charge out books for a handicapped person, and reserving a room for use by a visually-impaired person with a reader and/or tape equipment. Publications used for discussion included "Why and How of Reasonable Accommodations" and "The OPM Handbook of Reasonable Accommodations." (Region I)

Academic Adjustments/Auxiliary Aids

° To address recurring compliance problems, OCR initiated assistance to the dean of academic affairs at a postsecondary education institution to discuss methods for providing academic adjustments to learning disabled students. The dean informed OCR that the institution had authorized development of a budget proposal to fund a special program designed to assist the school's learning disabled students. OCR discussed the areas of Section 504 that addressed the definition of a qualified handicapped person, as well as academic adjustments and auxiliary aids. In setting up a program for learning disabled students, OCR recommended that the institution evaluate the availability of products, devices, or services based on their proven educational value, cost effectiveness, and potential use to one or more students at the same time. It also was recommended that the dean evaluate the school's existing services and educational aids to determine services already available to learning disabled students. (Region VII)

Program Accessibility

° OCR provided technical assistance to a community college regarding a program accessibility problem identified by the regional U.S. Commission on Civil Rights. OCR initiated contact with the college after the Commission noted that the college had serious accessibility problems and recommended that OCR conduct a Section 504 program accessibility workshop for the college. OCR had previously conducted a workshop for college personnel and contacted the Associate Dean of Administration of the college to discuss the accessibility problems. OCR illustrated how the grade/slope for wheelchair ramps and curb cuts should be constructed to make the buildings and parking lots accessible. OCR used the American National Standards Institute (ANSI) guidelines for minimum accessibility requirements to assist the college in conducting a self-evaluation survey of the campus. It was suggested that the college also refer to the General Services Administration (GSA) guidelines in reviewing its facilities. OCR also provided the college with copies of the ANSI standards and GSA guidelines. (Region VIII)

° OCR initiated contact with a State agency's vocational education coordinator regarding Section 504 program accessibility problems. As a result, OCR conducted a program accessibility workshop designed to assist participants in evaluating their facilities for compliance with Section 504. Participants included State education agency personnel, representatives from local education agencies and colleges, and parents of handicapped children. OCR discussed the difference between the Section 504 program accessibility requirement and "barrier-free" design, emphasizing program accessibility for the mobility-impaired, visually-impaired, and hearing-impaired. The American National Standards Institute (ANSI) guidelines were used to answer questions regarding width of toilet stalls, grades of ramps, and signage. Participants raised problems encountered in making industrial arts courses accessible for the visually-impaired, mobility-impaired, and hearing-impaired. OCR discussed ways to train blind persons to use power tools and ways to modify machinery for use by the handicapped (e.g., lowering controls or widening access to a particular piece of equipment). Safety concerns (e.g., fire and emergency evacuation, use of caustic or hot materials) also were discussed. (Region X)

° OCR staff initiated contact with the vocational education coordinator for a school district regarding program accessibility problems identified by State education agency officials during an OCR on-site methods of administration visit. The district was in the process of selecting a site for locating a greenhouse at a high school facility. The two sites considered were either on ground level next to a high school or on top of the building. OCR informed the district that to ensure that the greenhouse on top of the building was accessible to mobility-impaired students, a wheelchair lift would be required. OCR recommended that the greenhouse be adjoined to the high school so no additional costs are incurred for ensuring accessibility. As a result of this meeting, the district requested OCR's assistance in conducting program accessibility reviews of all district schools and administrative buildings. (Region X)

Employment

° OCR initiated contact with staff of a mayor's committee for disabled groups. The committee is responsible for addressing matters related to the hiring of handicapped persons within municipal agencies. OCR met with members of the committee to provide information on its civil rights jurisdictions and program responsibilities. OCR also discussed the Section 504 provisions on employment of qualified handicapped persons with reasonable accommodation (e.g., performing the essential functions of the job, modification of equipment of devices). OCR explained that objective criteria must be used to determine the employment qualifications of disabled applicants, rather than criteria that screens out applicants on the basis of their disability. A sensitivity film, "I Never Park in These Handicapped Spaces," was presented. The film depicts interview and selection techniques used for a computer programmer who is mobility-impaired. OCR used the film as the basis for discussing hypothetical situations involving reasonable accommodations for handicapped persons. (Region VI)

° As part of OCR's outreach initiative to inform recipients, beneficiaries, and professional associations of OCR's employment jurisdiction based on the Conrail decision, OCR staff contacted a State vocational rehabilitation agency. The State vocational rehabilitation agency requested that OCR conduct a civil rights training session on employment at a regional conference. Representatives from 10 State vocational rehabilitation agencies, 15 local rehabilitation agencies, other State and local government agencies, and professional associations attended the conference. OCR's workshop presentation entitled "The Conrail Decision and Section 504 Employment" included an overview of Conrail and an explanation of OCR's renewed jurisdiction in employment cases alleging discrimination on the basis of handicap. OCR staff provided a detailed overview of the Section 504 employment provisions covering issues such as essential functions of the job, reasonable accommodation, undue hardship, prohibited inquiries, and standards for occupational qualifications. (Region VII)

Specific Regulation Information

° OCR conducted a meeting with representatives of an international association of special education administrators. OCR targeted this association as a vehicle for outreaching special education administrators throughout the region. OCR's presentation consisted of an overview of the Section 504 regulation and issue specific technical assistance on topics such as: individualized education program, least restrictive environment, related aids and services, teacher certification, and reasonable accommodation for handicapped employees. In addition, OCR discussed the responsibility of a school district to ensure that handicapped students placed outside their district receive transportation services back to the "home" district so that these students can participate in nonacademic and extracurricular activities. (Region V)

TITLE VI

School Desegregation

° To address emerging Title VI segregation compliance problems in the region, OCR contacted a State education agency (SEA) expressing interest in participating in the SEA's upcoming conference on equal education opportunities. As a result of this contact, OCR participated in a panel discussion with SEA personnel and staff from eight local education agencies on segregation of students on the basis of race. The focal point of the discussion was on the rise of segregated schools and methods for reducing the numbers of such schools. The use of magnet schools and the reassignment of students were suggested as alternatives. The necessity to analyze the impact of school closings and transportation plans also was emphasized. (Region V)

Implementation of Memorandum of Understanding (MOU)

° OCR, in conjunction with its MOU with a State department of education, provided technical assistance to a State education agency (SEA) regarding the State's newly established scholarship program for high school graduates pursuing postsecondary education programs in elementary and secondary teacher education. The scholarship program was being advertised through a special publication, which also stated that the formula for awarding scholarships to minorities would be based on the number of minority students graduating from high school in the current academic year. The official requested that OCR explain the Title VI provisions pertaining to set-aside funds for minorities. OCR discussed the U.S. Supreme Court Bakke decision regarding admission criteria and advised the official that there may be compliance concerns with a system that "earmarks" a specific number of scholarships to be filled on the basis of race or national origin. However, OCR also informed the official that it would be permissible to take race and ethnicity into consideration in awarding scholarships, among other criteria. OCR indicated that more facts were needed on the scholarship program before a compliance determination could be made by OCR. The official advised OCR that the matter would be further discussed among SEA officials. (Region II)

Specific Regulation Information

° OCR contacted several State chapters of the Urban League and the National Association for the Advancement of Colored People throughout the region, as part of a continuing effort to increase technical assistance activities with beneficiaries under Title VI. These organizations were targeted because of their involvement in community programs and services in the areas of employment and education and their role as an important communication link between public agencies and their predominantly black constituency. Based on this outreach initiative, OCR participated in three statewide conferences sponsored by these organizations. The purpose of these workshops was to provide participants with information designed to enable them to effectively assist their constituency in understanding and exercising their civil rights in educational programs and services. Topics addressed included: 1) an overview of the Federal regulations prohibiting discrimination; 2) relevant court orders; 3) OCR's complaint handling procedures and the investigative process; and 4) recurring discrimination issues (e.g., overrepresentation of minorities in classes for the educable mentally retarded, admission criteria, ability grouping, use of standardized tests with minority children and educational services for limited-English-proficient students). (Region IV)

TITLE IX

Sex-Segregated Education Programs and Activities

- OCR conducted an analysis of OCR's 1982 Civil Rights Survey data to identify recipients with possible civil rights compliance problems. The region's analysis indicated recurring Title IX compliance problems among local education agencies (LEAs) in the areas of sex-segregated education programs and activities and multijurisdictional employment concerns. Based on this analysis, OCR staff developed a Title IX training program, which addressed issues such as course offerings, grievance procedures, disciplinary sanctions, pregnancy, athletics, employment, and counseling. The training program incorporated a model notice of nondiscrimination in employment applications and grievance procedures. OCR concentrated its outreach efforts primarily in two States and as a result conducted its training program for six LEAs. OCR's presentation generally included an overview of its civil rights statutes, along with information on applicable OCR policy and related court cases. As follow-up to the training program, OCR provided the LEAs with a written summary of topics covered during the training. In addition, OCR provided copies of its Policy Bulletin #1, "Notification of Nondiscrimination and Grievance Procedures" and copies of the civil rights laws enforced by OCR. (Region VII)

Underrepresentation of Female Students

- To address recurring compliance problems, OCR initiated a workshop on the underrepresentation of females in high school math courses for State high school administrators. OCR provided a detailed overview of the Title IX provisions. Specific topics addressed were consistent counseling practices for members of both sexes and suggestions from workshop participants regarding ways to attract more females to high level math courses. It was emphasized that girls must be convinced that math is an important subject in high school because many colleges and technical schools require strong math backgrounds as prerequisites for admissions. (Region V)

Athletics/Underrepresentation

- OCR staff initiated a meeting with the sex equity consultant of a State education agency (SEA) to discuss the possibility of cooperative TA activities between OCR and the SEA. In the meeting, several Title IX topics were identified for joint technical assistance coordination, such as prime time scheduling of athletic events, assignment/compensation of coaches, and strategies for identifying interests and abilities of male and female athletes. As a result of this meeting, tentative plans have been made for OCR and the SEA to conduct a workshop for school district personnel on the Title IX athletics provisions during the 1985-1986 school year. Other topics addressed in the meeting included the continuing problem of single sex physical education, health, shop, and home economics classes. The issue of academic/career counseling for female students and the underrepresentation of females in advanced math and science high school classes also were discussed. OCR plans to maintain contact with the sex equity consultant to identify other strategies for conducting joint technical assistance activities designed to resolve recurring civil rights problems. (Region V)

Specific Regulation Information

- OCR staff conducted an outreach effort targeted at local education agencies throughout the region. Based on an analysis of OCR's 1982 civil rights survey data, the region identified potential Title IX compliance problems in the areas of sex-segregated classes, administration of disciplinary practices, and disproportionate assignment of male students to special education programs. OCR staff initiated meetings with school district administrators to discuss the Title IX requirements and conducted Title IX training for personnel from five school districts. OCR's presentations consisted of a detailed overview of the Title IX regulation and covered issues such as equal athletic opportunity, notification, grievance procedures, counseling, access to course offerings, disciplinary sanctions, and employment. (Region VII)

MULTIJURISDICTIONAL

Communication with Congressional Offices

- OCR initiated meetings with several congressional staffs to describe OCR's responsibilities, to note the availability of TA services and resource publications, and to improve the understanding of OCR's functions. The region has determined that these meetings improve the channels of communication for resolving future matters. The region provided an overview of the regulatory requirements enforced by OCR, with particular emphasis on such civil rights issues as student assignment, admissions, employment, program accessibility, and services to limited-English-proficient and handicapped students. (Region I)

Vocational Education Methods of Administration (MOA)

- OCR staff initiated an on-site consultation with personnel from a State department of education's division of vocational and career education. OCR staff provided technical assistance regarding the State's methods of administration (MOA) compliance responsibilities under the vocational education Guidelines. OCR discussed methods for collecting and analyzing data to determine subrecipients' potential civil rights compliance problems. OCR staff used one of the subrecipients previously reviewed by the State during the 1984 MOA cycle as part of the training exercise. OCR staff also recommended ways in which the State's compliance activities could be improved such as following-up on potential areas of noncompliance identified based on review of documents (e.g., applications for admissions and student individualized education plans). (Region V)

° OCR sponsored a "Vocational Education Equity in the 80's" conference for State and local education agencies, postsecondary education institutions, intermediate education units, vocational rehabilitation agencies, beneficiary organizations, and State government officials throughout the region. Several vocational education administrators and experts assisted OCR in planning and conducting six workshop presentations during the conference. Topics addressed included: a) vocational education for students with special needs, b) equity for minorities in vocational education, c) recruitment of women for nontraditional vocational education occupations, d) a legal overview of vocational education occupations, and e) parents as partners in vocational education. In addition, OCR staff conducted a methods of administration (MOA) workshop for State agency staff responsible for the development and implementation of MOAs. OCR provided an overview of the Carl D. Perkins Vocational Education Act and its implementing regulations. OCR also provided significant information on the vocational education Guidelines and essential data to be included in a State's Annual Civil Rights Compliance Report. OCR disseminated more than 3,300 copies of its statutory regulations, brochures, directories, and other resource materials during the conference. A detailed report on all the substantive activities that went into planning and preparing for the conference has been compiled. The report includes information, such as: a) methods for identifying workshop topics, workshop panelists, conference participants; b) procedures for selecting appropriate conference facilities; c) development of appropriate conference materials (e.g., invitation letters, brochures, agenda, publications, evaluation instruments, etc.); d) an analysis of conference costs (e.g., facility and administrative costs); and e) an overall evaluation of the conference. (Region VIII)

° OCR initiated meetings with three State education agencies (SEAs) to provide technical assistance to SEA staff responsible for implementing each State's vocational education methods of administration for the next five-year cycle. During the meetings, OCR discussed topics, such as: procedures for conducting State policy reviews and selecting subrecipients for agency-level reviews; methods for collecting, reviewing, and comparing employment data relative to labor markets; methods for collecting and reviewing data on student enrollment from feeder and satellite schools for area vocational schools; requirements for revising and updating procedures for agency-level review; time frames for notifying OCR of subrecipients' submissions of vocational education compliance plans; and technical assistance services available through OCR. As a result of these meetings, OCR and each SEA will conduct an on-site vocational review of a subrecipient in the spring of 1986. (Region VII)

- OCR sponsored a vocational education methods of administration (MOA) conference for staff representing twelve State agencies with MOA responsibilities. The purpose of the conference was to assist States in successfully complying with their MOA responsibilities. Staff presented a historical overview of the MOA process and an overview of States' implementation of their MOA responsibilities nationwide. OCR staff discussed the most frequent deficiencies identified under the eight mandated reporting areas required by the 1977 memorandum of procedures. Using information from "OSS' Successful States' Vocational Education Methods of Administration Implementation Techniques and Strategies Handbook," OCR provided participants with innovative methods and sound administrative practicies under each reporting area which could be adapted, as appropriate, for their particular programs. In addition, OCR staff described the essential information that should be included in a State's annual civil rights compliance report and data sources needed to improve its MOA monitoring activities. The SEAs were advised to inform OCR of any additional data sources that will be used to conduct the MOA reviews. OCR also assisted a coordinator in developing investigative techniques for conducting agency level reviews, and reiterated the State's obligation to provide TA to subrecipients to assist them in preparing voluntary action plans, so that OCR could effectively assess the sufficiency of a State's MOA program. Suggested changes to the MOA documents also were recommended to ensure States' successful MOA implementation. (Region IV)

- OCR disseminated letters to State vocational education agencies throughout the region informing them of the new compliance responsibilities under the Carl D. Perkins Vocational Education Act of 1984. In the letters, OCR discussed the State agencies' responsibility to ensure compliance with the vocational education methods of administration (MOA) requirements and explained the expanded scope of the new Act. OCR identified recipients not previously covered under the Vocational Education Act (e.g., community based organizations, private vocational institutions, and private employers). Further, OCR explained that State agencies will continue to have oversight responsibilities for traditional recipients that receive Federal vocational education funds. Information was provided on OCR's responsibility to ensure that recipients operating vocational education programs comply with civil rights requirements. (Region VIII)

- OCR met with officials from a State board of education and several registrars from community colleges to discuss methods for collecting enrollment data on handicapped students. It was noted that based on the Carl D. Perkins Act, the State had devised a formula to allocate vocational education funds to colleges or school districts according to the number of handicapped students enrolled in or receiving special education services at each college or school district. The college registrars had recommended that enrollment data on handicapped students be collected on college admission applications, arguing that Section 504 permits pre-admission inquiries as a voluntary action to overcome the effects or conditions that lead to limited participation of handicapped students in a recipient's programs or activities. However, the State board of education was concerned that collecting enrollment data by this method would violate Section 504 provisions on pre-admission inquiries. OCR explained that the Perkins Act requires each college or school district to only identify the number of handicapped students that need special services, not the total number of handicapped students enrolled in the college. OCR clarified that Section 504 allows pre-admission inquiries for purposes of remedial or voluntary action or if a recipient documents past problems that have resulted in limited participation by handicapped persons; however, the reason given for the need for the information did not comport with the intent of the Section 504 provision. (Region X)

Implementation of Memorandum of Understanding (MOU)

- In accordance with the technical assistance (TA) provisions of the MOU between OCR and a State education agency (SEA), OCR initiated contact with the SEA's coordinator for the State's Education Service Centers (ESCs). The coordinator serves as liaison to the State's 20 ESCs and is responsible for providing TA to all local education agencies (LEAs) in the State. OCR provided the coordinator with information on OCR's civil rights jurisdictions and program responsibilities, which the coordinator disseminated to all ESCs. The coordinator provided OCR with information on the civil rights TA needs of the ESCs and the LEAs. OCR used this information to develop training presentations for the ESCs. OCR conducted three TA presentations, in conjunction with the ESCs -- two conference/workshop presentations and one meeting. Participants included 54 LEAs and 1 intermediate education unit. OCR's presentations addressed issues such as procedural safeguards, student discipline, free appropriate public education, and student assignment. (Region VI)

- OCR provided information on its complaint investigations and compliance reviews to each of the State agencies with which it has a formal MOU. The information provided consisted of: a list of all open and closed compliant investigations conducted from July 1 to September 30, 1985; the jurisdictions covered during complaint investigations or compliance reviews; the types of recipients for which investigations or compliance reviews were conducted (e.g., postsecondary education, elementary/secondary, vocational education); and the closure date and code for all closed investigations. (Region II)

Physical Education/Athletics

- OCR initiated contact with the sex equity coordinator of a State education agency (SEA) to learn of the SEA's upcoming Title IX conference. The purpose of this outreach was to utilize the conference as an effective vehicle for providing technical assistance to local education agencies throughout the State. The coordinator requested that OCR's presentation focus on issues such as integrating co-educational physical education activities and providing equal athletic opportunity for both sexes. OCR provided training on the physical education and athletic requirements of Title VI, Title IX, and Section 504 (e.g., equal facilities, integrated physical education, least restrictive environment). Participants included school administrators and physical educators from local education agencies throughout the State. (Region VII)

Employment

- To increase technical assistance activities with postsecondary education institutions throughout the region, OCR initiated meetings with affirmative action officers (AAOs) at several universities. During these meetings, OCR staff provided a general overview of the jurisdictions enforced by OCR and information on OCR's compliance and technical assistance activities. Several of the AAOs requested information on the employment provisions of Title VI, Title IX, and Section 504. OCR staff provided a detailed discussion on issues such as prohibited discrimination, employment criteria, reasonable accommodations, auxiliary aids, and pre-employment inquiries. At one university, OCR suggested that the AAOs conduct additional training programs for supervisory personnel to ensure that they understand and adhere to established hiring procedures. OCR also suggested that the university incorporate equal employment opportunity procedures into supervisors' job requirements. OCR staff also informed an AAO that the college catalog should provide information on the designated Section 504 and Title IX coordinators. (Region VI)

- OCR staff initiated contact with a State commission for the deaf and hearing-impaired, the only State level agency responsible for advocacy and services for the State's deaf and hearing-impaired population. A newly authorized State law had expanded the commission's function to include responsibility for advising the State education agency on issues related to the education of the deaf and hearingimpaired. OCR conducted a Title IX employment training session for commission staff which focused on issues such as equal opportunity, procedural requirements, financial assistance, and prohibited inquiries. In an effort to increase coordinated efforts with this commission, OCR requested that the executive director assist OCR in conducting a training session on employment at a conference sponsored by the National Institute of Employment Equity. OCR's presentation included an in-depth discussion of the Section 504 employment provisions and focused on pre-employment inquiries and reasonable accommodations for hearing-impaired and deaf applicants. The executive director assisted OCR in presenting a role-playing exercise concerning a job applicant who was deaf. (Region VII)

- OCR designed an outreach initiative to address multijurisdictional employment issues as related to postsecondary education (PSE) recipients and beneficiaries. As a result, OCR conducted several outreach activities with PSE recipients and beneficiaries to address the employment provisions of Title VI, Title IX, and Section 504 and to provide strategies that could be used to achieve voluntary compliance with the statutes. For example, OCR conducted a training program for 34 deans and department chairpersons at a university. In addition to a general presentation on the Title VI, Title IX, and Section 504 provisions, OCR discussed strategies for recruiting and retaining minorities, women, and disabled persons. Strategies included: 1) advertising job vacancies in special interest or trade journals; 2) soliciting input from beneficiary organizations through their participation on employee recruitment advisory committees; and 3) improving in-service training and scholarship programs for minority employees. OCR conducted a similar training activity at the monthly meeting of a personnel association that requested technical assistance on strategies for recruiting Hispanics for employment vacancies. In addition, OCR conducted a multijurisdictional presentation for university staff on pre-employment inquiries (e.g., martial status, handicapping condition). Examples of pre-employment inquiries were illustrated using OCR letters of finding, free from identifying information, recent court cases, and other relevant documents. (Region VI)

Admissions/Employment

- OCR staff initiated meetings with an association representing postsecondary education institutions and a national organization representing the nursing profession. The purpose of these meetings was to identify possible areas for joint technical assistance coordination. The meetings focused on issues related to admissions and employment requirements of OCR's regulations. OCR provided a detailed overview of the civil rights regulations enforced by OCR. In addition, OCR discussed methods for identifying and analyzing statistical data for targeting problems related to admissions and employment in postsecondary education institutions. (Region III)

Beneficiary Rights

- OCR staff presented a civil rights training workshop to a beneficiary group representing American Indians. The region initiated this TA activity to assist the beneficiary group in better understanding their civil rights under Title VI, Title IX, and Section 504. A detailed discussion was provided on OCR's jurisdictions. The participants also requested information on the rights of an Indian employee who suffers from epilepsy. They informed OCR that a local government agency planned to terminate the employee (a heavy equipment operator). The employee had been assigned irregular working hours (swing shift), which contributed to his recurring epileptic seizures according to his medical records. However, the local agency maintained that the employee's seizures were a safety hazard. As a result, the organization planned to file a complaint on behalf of the employee and requested OCR's advice on the matter. OCR advised the organization to negotiate a settlement with the local agency, based on the Section 504 reasonable accommodation provisions. OCR explained that a change in the employee's work hours could be requested as a reasonable accommodation. Based on OCR's recommendation, the organization successfully negotiated with the agency to change the employee's work hours. The agency also assigned the employee another position with comparable pay elsewhere in the city government. (Region VII)

- OCR implemented an outreach program designed to provide technical assistance (TA) services to beneficiary organizations representing civil rights concerns throughout the region. As part of its outreach effort, the region developed a training module that includes an overview of all OCR jurisdictions. The module has two components -- one from an elementary and secondary education perspective and one from a postsecondary education perspective. The module has been used to provide TA training in areas as vocational education, segregated schools, sexual harassment, student assignment, limited-English proficiency, employment, student services, free appropriate public education, and program accessibility. The module also includes OCR letters of findings, free from identifying information, designed to illustrate applicable regulations and to explain current OCR policy. Each OCR presentation is followed by a question and answer period. OCR has conducted five multijuridicational presentations for beneficiary organizations as a result of its outreach efforts. (Region IV)

Self-Monitoring Skills

- OCR staff initiated contact with the special education director for a school district regarding potential compliance problems. The contact was the result of a recent OCR meeting with the State education agency regarding its methods of administration (MOA) program. OCR staff discussed OCR's technical assistance program and the Section 504 regulation as it relates to elementary and secondary education. The district was interested in how they can maintain compliance with Title VI, Title IX, and Section 504. OCR discussed a variety of self-monitoring skills (e.g., self-evaluation, informational and procedural requirements) which are also requirements under the State's MOA program. As a result of this contact, OCR has been invited to conduct a workshop at an in-service day for administrators and faculty. (Region X)

Specific Regulation Information

- OCR staff conducted an assessment of the organizational structure of special education cooperatives in each State in the region. Many LEAs in the region have adopted a mechanism whereby small districts that cannot afford to operate their own special education program contract with a larger district (i.e., sponsoring cooperative or an interlocal cooperative (e.g., independent agency serving several small districts) to provide special education services. Based on the region's assessment, sponsoring cooperatives and interlocal cooperatives in one State were targeted for TA. As a result, OCR participated in a "roundtable" meeting of superintendents and other LEA personnel. OCR provided a detailed overview of its jurisdictions and addressed the more complex underlying issues (e.g., discipline, pregnancy, identical v. equal treatment). OCR responded to impromptu questions, which generally reflected the unique problems of individual districts in administering programs for handicapped children. As a result of the meeting, the sponsoring cooperative requested that OCR conduct training for psychologists and counselors, participating in the cooperative. OCR provided the psychologists and counselors with a detailed overview of the civil rights jurisdictions, emphasizing procedural requirements and direct services to severely handicapped and emotionally disturbed children. (Region VII)

OCR TRAVEL REDUCTION

Senator WEICKER. Your travel budget, as I recall, has been cut pretty severely, hasn't it?

Ms. CORO. We had to cut our budget because of the 4.3-percent sequester, but we can handle the travel budget reduction. As I said, we have cost control measures in place. Mr. Chairman, I think the taxpayers appreciate that we are making sure that we are handling this budget in a more effective way——

Senator WEICKER. Do you think the taxpayers appreciate the Office for Civil Rights——

Ms. CORO [continuing]. Managing the travel budget in a more effective way?

Senator WEICKER. The travel budget was cut, while the travel budget of the Secretary was raised. Do you think the taxpayers appreciate that?

Ms. CORO. I am talking about managing the travel budget of OCR, and that is what I was referring to.

Senator WEICKER. I am talking about the travel budget of the whole Department, and as far as I am concerned, I don't think that the taxpayers appreciate that at all.

What was the travel budget increase for the Secretary?

Mr. SKELLY. Since 1985, it has gone up. Indeed, we are proposing an increase over 1986. One of the reasons why the travel budget of the Secretary does go up in comparison to 1985, as we included in the justification, is that the Secretary, Secretary Bennett, was new to the job in 1985 and didn't travel as much as indeed he is traveling now, and is planning to travel next year.

Senator WEICKER. We all know that.

Mr. SKELLY. The travel budget in 1986 was $160,000, and we are proposing $200,000 in 1987.

Senator WEICKER. In 1986, it was what?

Mr. SKELLY. It was $160,000.

Senator WEICKER. What was it in 1985?

Mr. SKELLY. In 1985, it was $90,000.

Senator WEICKER. So it is from $90,000 to $200,000 and what?

Mr. SKELLY. It is $200,000 exactly.

Senator WEICKER. What is the comparable statistic for OCR?

Mr. SKELLY. Approximately $920,000 and $801,000 in 1987.

Senator WEICKER. In 1985, it was what?

Mr. SKELLY. It was $920,000. In 1986, it was $825,000 after Gramm-Rudman, and $801,000 in 1987.

Senator WEICKER. So it has gone from $900,000 to $800,000. The Secretary has gone from $90,000 to $200,000.

Mr. SKELLY. Right.

The Office for Civil Rights does have 10 regional offices, and over two-thirds of its employees are in the regions, so its travel, although it is for more people, is less costly oftentimes than the travel that the Secretary does.

Senator WEICKER. It just seems to me, the Secretary has a hell of a platform, a Cabinet Secretary in the Government of the United States, he can have his voice heard. I appreciate all these trips around the countryside, telling everybody what they should be doing, but I am a little bit concerned as to whether we are handling the laws that are our responsibility right back here at home.

I suppose what upsets me is that this business of outreach is an important aspect of the job of the Office for Civil Rights, a very special charge upon that office. I can understand that travel budget, and I think that taxpayers can understand that travel budget. It is done on behalf of the most powerless of our citizens. I have serious questions as to why this is being done to the most powerless of our citizens that the Cabinet Secretary more than doubles his travel budget.

As I said before, he should speak for himself. If I had known those figures, I would have asked him myself yesterday. But I hear all this great boasting going on in the Department of Education as to how we are returning to the 1985 levels, right?

Mr. CARNES. Yes, sir.

Senator WEICKER. I think that this is exactly what we are going to do with the travel budgets as far as those two agencies are concerned. We will return the Secretary to the 1985 travel budget levels, and we will return OCR to the 1985 travel budget levels.

Mr. CARNES. Mr. Chairman, the Secretary is not here, but I would say that I don't think that it is appropriate to restrict the Secretary to a $90,000 budget in travel that was used for 1985. He did not travel very much when he first came to this Department. His travel is not out of line with the travel that is required for his job, nor for other Cabinet Secretaries. In fact, the expenses that the Secretary incurs in a whole variety of categories are almost the least of any Cabinet Secretary in the Government.

Senator WEICKER. As I said, I would be more impressed if he took care of the people who need to be taken care of rather than himself. He can spout his ideologies just as well out of Washington as he can in the different States.

Mr. CARNES. One comment on that, Mr. Chairman. As a matter of fact, when he goes on those trips, he does a lot of listening. He meets with school kids and teachers, and he hears what they have to say. You can't hear what they have to say if you are here in Washington.

Senator WEICKER. Mr. Carnes, I am not going to get into a dispute with you, because my dispute is, obviously, with the man who heads the agency. I said it yesterday many times.

There are laws on the books. The administration has every right to go ahead and propose things, but your first obligation is to see that the laws are faithfully executed.

Mr. CARNES. I couldn't agree more with you.

CIVIL RIGHTS ENFORCEMENT

Senator WEICKER. The laws which are on the books are not being faithfully executed. He can listen to whomever he wants to, and I have no problem with that. What I have problems with and part of the complaints that I receive are about our enforcement of civil rights.

What I have problems with are budgets that are sent to me at the Appropriations Committee which clearly are responsible for substantial human suffering and are fiscally irresponsible in terms of the out-year costs for failing to do that which is needed now. These are the things that are of deep concern. That being the case, we have serious questions when we enter into travel budgets that are inflated as far as the Secretary is concerned, and reduced insofar as civil rights is concerned.

Mr. CARNES. Just one comment in response to that, Mr. Chairman. Believe me, I understand your concerns on these matters, but I don't think that it is accurate to say that the laws that we are charged with enforcing are not being faithfully executed.

We take very seriously our responsibilities to execute faithfully the laws, both the letter and intent.

Ms. CORO. We have not changed the way we look at complaints. We continue to enforce the civil rights laws. I gave examples, Mr. Chairman, of our actions in the last 3 to 6 months.

SCHEDULE C APPOINTMENTS

Senator WEICKER. How many schedule C appointments were on board at the Department in March of this year?

Mr. CARNES. 130.

Senator WEICKER. I have in my notes the fact that the schedule C's, the political appointments, have gone from 1984 to 1985 from 101 to 130, while the nonpolitical employment has gone from 4,942 to 4,386. Does that coincide with your figures?

Mr. CARNES. That is accurate enough, sir, certainly on the schedule C's.

Senator WEICKER. So we had a cut, but the political types they are going to go up, but the civil servant types are going to go down. It is an interesting theory as to what is going on over there.

Mr. CARNES. I am not quite sure I follow the line of questioning, Mr. Chairman.

Senator WEICKER. The line of questioning is very specific. Pleading Gramm-Rudman, pleading anything that you want to, you indicate that you need fewer employees. A good example of that is right here in the Office for Civil Rights. While this is being used as an excuse to reduce employment of the professionals, the politicians, or the political types, are on the increase.

Mr. CARNES. Mr. Chairman, I wouldn't——

Senator WEICKER. God, if there was ever a time, it seems to me, with regard to common sense, if indeed employment has to be reduced, it seems to me that you should go to the political types first, because you need the professionals.

Mr. CARNES. Two points on that, Mr. Chairman. I would not say that because you are a supporter of President Reagan, you are disqualified to work for the Department of Education. The second point is that just because a person happens to be a political appointee, it does not mean that person does not have expertise in a particular area.

I happen to be political, but I taught for 10 years, and most of the people that I know who are political happen to have an education background or expertise in other management areas.

Senator WEICKER. Let me give you an example of the ratio situation. Over at Health and Human Services, they have 105 schedule C's out of a total employment of 134,778. You have 130 out of a total employment of 4,386. Again, I don't dispute the right to appoint schedule C's. What I am saying is, at a time when the professionals are being cut back, the political types are moving ahead. It is a rather strange fact of life under these circumstances.

Mr. CARNES. In point of fact, most of the professionals who are going to be cut back—I will accept, for the sake of argument that the political is not a professional——

Senator WEICKER. No; I didn't say that.

Mr. CARNES. You distinguish between the professionals and the political. Those reductions of professionals that we are talking about, and that we are proposing, are not going to be made in program areas. Those reductions are going to be made in what we call executive direction, which is the managment staff of the Secretary. This will not affect program operations.

INSPECTOR GENERAL'S GENERAL STATUS

Senator WEICKER. Just one question. Senator Andrews is here, and I want to give him an opportunity to question.

Mr. Thomas, I didn't mean to leave you out of all of this. You have a statement, which I gather is for inclusion in the record.

Mr. THOMAS. Yes.

Senator WEICKER. Would you like to in any way synopsize your statement?

Mr. THOMAS. I don't think that it is necessary, Mr. Chairman. It is very brief, and it addresses the issues in the budget.

Senator WEICKER. What is the personnel situation in the Office of the Inspector General? What happened in this budget, did it stay the same, or has it been cut? What is the situation?

Mr. THOMAS. It is a hold-even budget, Mr. Chairman. The 1986 budget called for staff of 304 FTE. Because of costs of an uncontrollable nature such as rent, communications, and the like, we were only able to fund 279 FTE, and that includes the Gramm-Rudman cuts. So, the numbers in the 1987 request bring that total employment back up to 300 FTE, which in essence is a cut of four, but the total is about the same.

Senator WEICKER. Do you feel that you have the personnel to do the job?

Mr. THOMAS. We will have the personnel to do the job at 300 FTE, yes, sir.

Senator WEICKER. What are your main areas of endeavor? What kind of business comes to you as Inspector General? What leads the pack in terms of those matters that you have to apply yourself to?

Mr. THOMAS. Student assistance. Student aid programs, Mr. Chairman, make up about one-half of the Department's budget, and they lead the pack for us.

Senator WEICKER. In what way?

Mr. THOMAS. We had a number of initiatives, and among them are alien individuals who are illegally receiving student assistance. We have very large numbers of cases in our investigative efforts. In the audit effort, we are talking about institutions which receive funds that they give to students in a way that does not comply with the laws and regulations.

INSPECTOR GENERAL INVESTIGATION OF OFFICE FOR CIVIL RIGHTS

Senator WEICKER. Have you had occasion to look into the Office for Civil Rights?

Mr. THOMAS. We have not.

Senator WEICKER. Why not?

Mr. THOMAS. We have been working on priorities, and when we talk about priorities, we talk about vulnerabilities, and vulnerabilities in my mind are related to the ability and efficiency in the delivery of program money and disbursement of the funds.

In concentrating on the number of accounting systems and the number of computer systems among several program delivery activities, we have not yet focused on civil rights, as we have not focused on a lot of other activities in the Department.

Senator WEICKER. Consider it a request of mine right here and now that you do investigate the Department insofar as its enforcement abilities are concerned.

Again, I repeat, this was originated by the National Council on the Handicapped that 504 was not being enforced, either by Justice or by Education. I take that statement rather seriously because it came from the chairman at a hearing a week or so ago. I would like to have a report from the inspector general as to exactly what the status of enforcement is in the Office for Civil Rights on 504.

Mr. THOMAS. You use the term "investigate," Mr. Chairman. I assume that you mean an audit and review. By the term "investigate," we normally refer to a criminal allegation.

Senator WEICKER. No; I don't mean that. I mean the very things that we have been talking about here, what is the situation vis-a-vis cases, and the timely handling of those cases. What is the situation vis-a-vis outreach. This is clearly an important activity of the Department of Education. If there are doubts raised, I think that the first person to turn to is the inspector general of the Department.

Mr. THOMAS. Very well, sir.

Senator WEICKER. I am making no criminal allegation at all. I am just saying that there is a law here, clearly, that has to be enforced, and questions have been raised by what I consider to be an appropriate party, a Presidential commission, and my own concerns.

Mr. THOMAS. Was there a statement that was provided to the committee that I could obtain a copy of?

Senator WEICKER. Absolutely. We will get that statement to you.

Mr. CARNES. Mr. Chairman, one comment on what Mr. Thomas has said, maybe two comments.

Mr. Thomas alluded to a problem concerning the staffing in 1986, which is precisely the kind of problem that we are trying to address in our proposal to blend these accounts in a fashion. We expected him to have in excess of 300 FTE in 1986. We had allocated funds for him, and Congress appropriated an S&E account sufficient to handle that level of staffing.

What happened suddenly was a rent increase that was slapped on us, which had to be absorbed by Mr. Thomas in his S&E account, and he had no way of replenishing those S&E funds because there was no flexibility to allow those accounts to be offset.

Meanwhile, actually, the Office for Civil Rights had sufficient funds so that it could have bailed Mr. Thomas out of that particular problem. As a result, what we had to do was to allow the attrition to work in order to offset those funds. That is one point.

As to the other point, I will reiterate what the Secretary suggested, which is that we are enforcing 504. I think the first person to ask about whether we are is not necessarily the inspector general, but the Secretary, and the Assistant Secretary for Civil Rights.

As Mr. Thomas has pointed out, it is customary, I think, for the inspector general to investigate a specific case or a specific allegation against a specific individual, or specific problem, rather than just a general investigation. Am I not correct in that?

Mr. THOMAS. That is why I wanted to clarify what the chairman intended. By our definition of "investigation," you would be perfectly right. However, the GAO standards call for three kinds of audits, one of which is program result oriented, which appears to me to be what you are requesting.

Ms. CORO. OCR will be very happy to provide the information to the inspector general. We have information systems in place that can give us all of the data that we need and which will prove that we are, in fact, enforcing civil rights in the Department.

Senator WEICKER. Senator Andrews.

Senator ANDREWS. I have no questions, Mr. Chairman, you have covered the field pretty thoroughly.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. That covers pretty much the questions that we have for this group. There are other questions that will be submitted for response to the record. I thank you all very much.

Mr. CARNES. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

HISTORY OF THE SALARIES AND EXPENSES 1987 BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: The history of the 1987 budget request for S&E follows:

	Request to Dept	Request to OMB	Request to Congress
Postsecondary Education	$118,027,900	$85,440,300	$88,124,000
Other Ed. Programs	64,519,200	63,705,600	64,047,000
Executive Direction	101,006,500	108,314,900	89,021,000
Total S&E (Departmental Management)	283,553,600	257,460,800	241,192,000

The Department's September 1985 request to OMB for Salaries and Expenses was determined after deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children. The final President's Budget of $241.2 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

SCHEDULE "C" APPOINTEES

Question: How many Schedule "C" appointments were on board at the Department as of March this year?

Answer: As of March 29, 1986, the Department employed 159 political appointees of which 130 were classified as Schedule "C".

Question: How does this compare with total full-time employment of the Department?

Answer: As of March 29, 1986, the Department had a total of at 4,563 FTE. Of the total FTE, 2.8 percent was Schedule "C".

Question: Why is the ratio of Schedule C political appointments so much higher at Education than, say for example, the Department of Health and Human Services, which last year had 105 Schedule C's and total employment of 134,778?

Answer: The Department of Education employs 130 Schedule "C" appointees to provide policy officers of the Department with confidential assistants and policy-making advice of a type that would not be appropriate to expect from career civil servants. We do not know why the Department of Health and Human Services has the number of Schedule "C" appointees that it has.

OERI STAFFING LEVEL

Question: Your proposed staffing level of 4,451 for the Department for 1987, a decrease of about 400 from 1986, compares to 430 for the Office of Educational Research and Improvement (OERI). Thirty million dollars of the $50 million appropriated to OERI goes to the Labs and Centers, leaving $20 million in discretionary funding. Why does OERI handle only $20 million of the Department's budget while retaining 10 percent of the Department's staff?

Answer: The number of full-time equivalents (FTE) required to administer an education program, or to perform a specific educational service for the Department of Education, is not based on a ratio of the program's appropriation to the Department's total program budget. The nature of the Department's programs and activities vary widely from formula grants with large appropriations but few FTE to research and discretionary programs with relatively few dollars but large staffs.

The $50 million appropriation is, in fact, administered by 161 FTE; 23 FTE are directly responsible for administering the $30 million for the Labs and Centers but staff researchers also are involved in monitoring the multiple programs carried out by the Labs and Centers. Furthermore, given the actual nature of the $20 million in discretionary funds, i.e, for research programs, in-house research, and information services, the small percentage of ED's total staff required to administer them is not excessive. In 1986, OERI's other 269 FTE administer additional program appropriations: $122 million for library programs, $8 million for statistical studies, $13 million for the Chapter 2 Secretary's Discretionary Fund, including the National Diffusion Network, $10 million for Leadership in Educational Administration and Excellence in Education, and $4 million for a new Math and Science Initiative. The total program appropriations administered by OERI's 430 FTE thus exceeds $206 million.

HISTORY OF THE OFFICE FOR CIVIL RIGHTS 1987 BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: The 1987 budget request for Civil Rights submitted to the Department was $44.5 million. After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for the Office for Civil Rights was $39.8 million. The final President's Budget of $38.2 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

OCR TECHNICAL ASSISTANCE

Question: By what method do you communicate to the Nation as to what rights individuals have and what they should do if they are the victim of discrimination because of race, color, national origin, handicap, sex or age in programs funded through the Department of Education?

Answer: OCR's primary method of communicating what rights individuals have and what they should do if they are the victims of discrimination is through OCR's technical assistance (TA) program. Through the TA program, OCR's ten regional offices provide information and services designed to: 1) inform individuals who benefit from programs funded through the Department of Education (ED) of their rights under civil rights statutes, and 2) inform ED recipients of their responsibilities. OCR delivers TA through onsite, written, and telephone consultations; conferences; workshops; training; and meetings. OCR has also developed 22 pamphlets describing the requirements and protections afforded individuals under Title VI, Title IX, and Section 504, which were published and distributed to OCR regional offices for dissemination.

NATURE OF OCR COMPLAINTS

Question: We note that last year 43 percent of the complaints you received for alleged discrimination were based on handicap. This year, 48 percent of the complaints were based on handicap. To what do you attribute this increase?

Answer: There was little difference in the percentage of complaints received by OCR in fiscal years 1984 and 1985. For FY 1984 it was 47 percent. Thus, there was no sigificant increase with 48 percent in 1985.

Question: How many cases, number-wise, were based on handicap?

Answer: OCR received 1,046 handicap complaints in FY 1985.

Question: How many of these cases were sent to the Justice Department for resolution?

Answer: OCR referred none of these case to the Justice Department for resolution.

Question: How many cases were resolved through voluntary compliance?

Answer: In FY 1985, 241 investigations citing handicap violation were corrected through voluntary compliance.

EFFECT OF GROVE CITY COURT DECISION

Question: We are aware of cases such as that of the clerical worker/poet who is unable to speak because of a physical handicap. She was working in a university's poetry center when she saw an advertisement for a typist in a "Poets-in-the-Schools" program.

The announcement made no mention of telephone answering as a part of the job, so the woman thought she was qualified because of her experience typing for the poetry center. But, after applying, she was told that speaking was required.

She complained to the Office for Civil Rights which decided it lacked authority to investigate her charges. OCR held that under Grove City it did not have jurisdiction to investigate this complaint. An attorney explained that only if OCR were able to establish that the University's Humanities Building in which the Poets-in-the-Schools program had its offices was built with Education Department funds could OCR take any action. Is this typical of the kinds of cases you have dropped because of Grove City?

Answer: The Supreme Court's decision in Grove City College v. Bell, has had a noticeable effect on the enforcement activities of the Office for Civil Rights. The ruling applies not only to Title IX of the Education Amendments of 1972, which was at issue in Grove City, but also to the other civil rights statutes enforced by OCR -- Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975. OCR must make all determinations of jurisdiction in conformance with the program-specific mandate of Grove City. As a result, because of lack of jurisdiction, OCR has had to close some cases in which it has investigated and found discrimination in instances similar to the hypothetical example posed in this question. In each of these cases, the alleged discrimination did not take place in that part of the institution receiving the Federal financial assistance.

Question: How many investigations have you suspended or terminated because of the Grove City decision?

Answer: As of February 11, 1986, OCR determined there were 63 cases that had been closed as a result of Grove City. This list was compiled in response to interrogatories in a case in which the Department is a party. However, OCR does not ordinarily maintain case information in this manner. Consequently, OCR's data base does not contain the number of cases or compliance reviews that have been terminated as a result of Grove City from February 1985 to the present. OCR's data base indicates that of the 2,040 complaints closed in FY 1985, 371 or 18 percent were closed for lack of jurisdiction. However, there are a number of reasons why a case is closed due to lack of jurisdiction, other than the Grove City decision; most notably, the institution in the complaint does not receive Federal funds or the complainant does not allege discrimination on any of the grounds covered by OCR's statutory or regulatory authority.

Question: How many complaints made to OCR have not been accepted because OCR determined it did not have jurisdiction as a result of the Grove City decision?

Answer: According to OCR policy and procedures, all correspondence submitted to the Department that alleges that one or more person's rights have been violated is considered a compliant and is accepted by OCR for processing. Unless the complaint is patently frivolous, OCR will investigate to determine whether the Department has jurisdiction over the allegations in the complaint.

Question: What is your assessment of the impact of the Grove

City decision on the effectiveness of the Office for Civil Rights in combating discrimination in institutions supported with taxpayers' dollars?

Answer: The major impact of the Grove City decision has been the in-depth, thorough job OCR staff now must perform to determine OCR's jurisdiction in conformance with the program-specific mandate of the decision.

EARLY COMPLAINT RESOLUTION

Question: The Office for Civil Rights, in its 1986 Annual Operating Plan, describes the Early Complaint Resolution as "a process in which OCR acts as mediator between the complainant without an investigation."

The House Committee on Government Operations concluded that "OCR's current use of Early Complaint Resolution may be illegal, may not protect the rights of complainants, and may jeopardize future litigation involving violations of civil rights laws." The Committee reported that the Office for Civil Rights "was unable to assure the House Subcommittee that any or all of the Early Complaint Resolution Settlements were in accordance with statutory or regulatory requirements."

What action are you taking to ensure that agreements reached under that system meet the standards applicable to other case settlements achieved by the Office for Civil Rights under the statutes it enforces?

Answer: Early Complaint Resolution (ECR) is a voluntary process whereby OCR acts as a mediator and attempts to settle the differences between the complainant and recipient prior to the start of a formal OCR investigation. An OCR task force in 1985 found that ECR was consistent with OCR's enforcement obligations. The Office for Civil Rights is not a party to the settlement and acts only as a mediator in helping with the negotiations. ECR has clearly defined procedures which are used under limited circumstances. For example, ECR does not apply to complaints alleging a violation against a class. The complainant monitors the settlement to ensure that whatever remedial action the institution made commitment for is, in fact, implemented. If the complainant is dissatisfied, a new complaint may be filed. Because OCR believes that ECR is consistent with its enforcement obligations, OCR does not consider that any further action is necessary.

OCR COMPLIANCE REVIEWS

Question: The Office for Civil Rights is required by law and Department regulations to conduct compliance reviews. The purpose of each type of investigation is to review the practices of Federal funding recipients to determine if they are in compliance with four civil rights laws OCR enforces, and to correct violations when they are found, either through voluntary settlements or enforcement proceedings.

Compliance reviews are OCR-initiated investigations based on issues the Department determines to be priority areas where illegal discrimination may exist. The reviews are distinct from technical assistance, which, simply put, is advice to recipients on how to conform to Federal civil rights laws. Technical assistance is not a method of enforcement.

Nevertheless, it is our understanding that the previous Assistant Secretary for Civil Rights asked his staff to study the possibility of eliminating compliance reviews, and substituting technical assistance instead.

How do you respond to the contention that replacing compliance reviews with technical assistance would be contrary to law and Department regulations?

Answer: Former Assistant Secretary, Harry M. Singleton, directed OCR staff to study the possibility of developing a more aggressive technical assistance program. The implication was that the exhaustive compliance reviews as enforcement methods might be diminished if recipient institutions were advised of their obligations under civil rights statutes and regulations.

In response, the Acting Director of the Policy and Enforcement Service stated that the proposal would not be legally supportable to the extent that it eliminated the distinction between OCR's statutorily mandated compliance reviews and its technical assistance activities. However, developing a more aggressive technical assistance program would not necessary eliminate this distinction.

Question: What is the status of this effort?

Answer: OCR is not currently studying methods to substitute technical assistance for compliance reviews.

OFFICE FOR CIVIL RIGHTS STAFFING

Question: As you may know, this Subcommittee and the Office for Civil Rights have had a longstanding debate about staffing levels at OCR. Last year we were told that the staffing level for the Office was "adequate". At that time, the number of staff on board stood at 892. In the interim, the Office has been criticized for not conducting compliance reviews within the time frames specified by court order.

Now after having been advised last year that 892 positions are "adequate" and after the Office has received criticism for the sluggish pace in handling these cases, we see that you propose to reduce staff by 65 -- down to 827 for 1987.

If 892 was "adequate", what is 827, and how do you propose to do your work in a more efficient, effective and timely manner with 65 fewer staff?

Answer: OCR's ability to conduct complaint investigations, compliance reviews, and monitoring activities will not be adversely affected by the proposed staffing for FY 1987. The FY 1986 staff of 860 FTE would be reduced to 840 FTE in FY 1987. The office is currently operating with 830 FTE and is keeping pace with its complaint workload. In spite of staff losses, the average age of pending complaints has been reduced from 587 days at the end of FY 1982, to 191 days as of March 31, 1986.

DESEGREGATION PLANS EXPIRE

Question: What steps will the Office for Civil Rights take to enforce higher education desegregation in States whose desegregation plans expired at the end of 1985?

Answer: Desegregation plans in five states: Arkansas, Florida, Georgia, North Carolina (Community College System only), and Oklahoma expired at the end of 1985. Higher education desegregation plans in five additional states: Delaware, Missouri, South Carolina, Virginia, and West Virginia, will expire in June 1986. OCR is in the process of conducting on-site reviews at each higher education agency and at each institution covered by higher education desegregation plans in these ten states. These on-site reviews consist of visits to each institution and agency during which State and institution officials, students and staff are interviewed and records are reviewed to determine what actions have been taken to implement the desegregation plans. In addition, each State is required to submit an annual statistical report which includes data on the racial composition of the student body and staff of each institution and the members and staff of each higher education governing board. OCR will evaluate information from all the above sources to determine to what extent each plan has been implemented and to what extent progress toward desegregation has been made.

Question: Have these States successfully desegregated their higher education systems?

Answer: OCR is currently evaluating information supplied by the States in statistical and narrative reports and information obtained by OCR staff during on-site reviews in order to make this determination.

Question: Will they be required to submit new desegregation plans or modify their existing plans?

Answer: No determinations have been made as to whether new desegregation plans will have to be submitted. As stated in a previous answer, OCR is currently evaluating information to make such a determination.

Question: According to a report by the House Committee on Government Operations, the Office for Civil Rights has delayed acting on three cases referred to the Justice Department, but then returned to OCR after Justice declined them. What action has the Office for Civil Rights taken on these cases, some seven years after finding discrimination?

Answer: Page 11 of the report issued by the House Committee on Government Operations discusses three cases that OCR referred to the Department of Justice (DOJ), but which DOJ declined and returned. On August 12, 1985, the former Assistant Secretary, Harry Singleton, asked for reevaluation of all cases returned from DOJ in order to determine whether administrative enforcement was appropriate. Each case is discussed as follows:

Dayton Public Schools:

OCR has initiated administrative enforcement proceedings against the school district. A Notice of Opportunity for Hearing was filed on March 27, 1986.

Malcolm-King Harlem College Extension:

After re-examination of additional information provided by OCR's regional office, OCR headquarters concluded DOJ was correct in that the case was weak and that the evidence did not support the findings. On March 21, 1986, the regional office notified the complainant and recipient that OCR will not seek enforcement in this case.

Anna-Jonesboro Community High School District No. 81:

The Anna-Jonesboro case is still under consideration by OCR for administrative enforcement action.

HISTORY OF THE INSPECTOR GENERAL 1987 BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: The budget request for the Office of the Inspector General submitted to the Department for 1987 was $19.6 million. After deliberating on appropriate funding and programming stategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for the Office of the Inspector General was $19.4 million. The final President's Budget of $16.4 million which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

INSPECTOR GENERAL'S REVIEW OF CONSULTANT SERVICE CONTRACTS

Question: Your recent follow-up "Review of the Department's Progress to Improve Management of Consulting Services" found that the Department "has not sustained its previous efforts to improve the management of consulting services." What specific kinds of problems did you find in your review of 13 consulting service contracts totalling $5.3 million?

Answer: The purpose of our review, which encompassed 13 consultant service contracts, was to assess the Department's progress in improving its management over consultant services. Therefore, we did not review the 13 contracts to determine whether there were any specific problems associated with their award or the contractors' compliance with the contractual requirements. We evaluated the status of the actions the Department had proposed in response to our prior reviews. Our review disclosed that the Department had not sustained its effort to improve its management control over consultant services in two significant areas as follows:

1) The Department had not issued final directives providing guidance and requirements for establishing management control over consultant services' procurements.

2) The Department had not implemented a quality assurance program for consultant services.

As a result of not sustaining its previous efforts to improve the management of consulting services' procurements, the Department had not met all of the OMB requirements or fully implemented its own plan.

Question: To what do you attribute your finding of limited progress on the part of the Department since your most recent audit report of a year before?

Answer: Generally, delays in implementing the management improvement plan have been attributed to organizational changes and reduced staff.

Question: Each year you outline priority targets, or at least areas in general, on which you will focus for the coming year. Have you in the recent past taken a look at the consulting contracts being let by the Department?

Answer: Our office has performed close-out audits of a number of consulting service contracts and pre-award reviews of several cost proposals submitted by consulting firms. We also have contracted with independent public accountants to perform a number of close-out audits including consulting contracts. In addition, other Federal audit organizations have performed such reviews, on our behalf, at consulting firms where they were cognizant.

These audits have disclosed that some contractors claimed costs that were not always in conformance with the Federal Acquisition Regulations or terms of the contract; did not maintain appropriate accounting records, especially time and attendance records; and, did not always maintain documentation to support costs claimed.

Question: Do you routinely look at travel and other discretionary expenditures of the Department?

Answer: During our internal reviews of the Department's operations, we routinely review discretionary type expenditures to determine their allowability and propriety. We have also conducted specific reviews of the Department's telephone usage and personal property management. In addition, we have investigated numerous allegations involving travel issues and expenditures.

EFFECT OF 1986 SEQUESTER ON IG'S STAFFING

Question: **As a result of the Gramm-Rudman-Hollings sequester, it appears that the 1986 appropriation for the Office of the Inspector General was reduced by some $650,000. Was it necessary to furlough staff to meet this reduction, or what actions were taken to comply with the sequester order?**

Answer: We have reduced our staff level target to an average usage of 279 FTE under an allowable ceiling of 285. We also reduced travel costs by 10 percent and our ADP and training costs. We plan to accomplish the reduction without resorting to a furlough. Further reductions may be necessary if attrition is not sufficent.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

SECRETARY'S REGIONAL REPRESENTATIVES

Senator Proxmire: With the exception of the Office for Civil Rights and Executive Direction, full-time quivalent (FTE) positions would be increased next year for every activity. The largest reduction in FTE's is proposed under the Secretary's Regional Representatives where the level would drop from 105 to 80. Can you tell us why?

Answer: In several cases, the Department has and will continue to restructure certain overhead functions for the sake of greater efficiency in operation. With respect to the Secretary's Regional Representatives, their public affairs function and related administrative functions will be reassigned to headquarters as well as be reduced through attrition during FY 1987.

OFFICE FOR CIVIL RIGHTS - STAFF REDUCTION

Senator Proxmire: The second largest drop in FTE occurs in the Office for Civil Rights which would lose 20 slots. Why?

Answer: The reduction of 20 FTE is proposed because the Office for Civil Rights can function as efficiently at a level of 840 FTE. In fact as of March 1986, OCR's staffing level stood at 830 FTE. The current FTE level was achieved through steady attrition with a slower rate of hiring replacement staff.

EFFECT OF TRAVEL BUDGET ON MONITORING

Senator Proxmire: Does the budget assume any reductions in its monitoring and evaluating of grantees?

Answer: No sir, the proposed budget level for travel calls for an increase for each program office. This increase, however, continues to reflect a first priority for travel to monitor and to perform evaluations of program grantees.

DEBT COLLECTION AND MANAGEMENT ASSISTANCE SERVICE

Senator Proxmire: The justifications indicate that 310 full-time equivalent positions are assigned to carry out the new Debt Collection and Management Assistance Service. Why do you need so many people in this activity, given the Department's reliance on private collection agencies?

Answer: While it is true that the Department relies heavily on private collection agencies to collect defaulted guaranteed loans, direct student loans, Cuban loans and Law Enforcement Education Program loans, Federal employees are still required to perform many functions in the collection process. The DCMAS receives the notices of default from lenders, turns the case files over to the private collections agencies, processes FISL claims from institutions, and settles disputes between individual defaulted borrowers and the collection agencies.

The DCMAS collections staff also receives case files that the contract collection agencies have concluded cannot be collected, and reviews them for possible write-off or to determine if the defaulter should be sued. It prepares cases for referral to U.S. attorneys and supports their litigation efforts. The DCMAS staff also receives repayment funds and follows up to maintain repayment status in those cases where a defaulter starts to repay a loan before the case is referred to the private collection agency, or starts repayment as a result of the IRS offset of income tax refunds.

Currently, the DCMAS staff is heavily engaged in working out the details of the IRS offset procedure to assure efficient record-keeping and proper accountability of the funds remitted and of the case files and information. The developmental aspects of the IRS offset will be completed soon, but we expect a large operating workload to result from the IRS offset in 1987.

Debt Collection functions require 260 FTE. Eight are involved in administering the collections contract for the College Housing Loan program and in advising colleges on repayment issues, 45 FTE handle initial repayments before referral to private agencies and those repayments resulting from the IRS offset, 20 FTE process the FISL claims, 23 FTE provide administrative overhead and support services and 164 FTE are engaged in the collection and litigation support and dispute settlements which back up the private collection agencies.

The staff of the Debt Collection and Management Assistance Service (DCMAS) have other responsibilities in addition to debt collection. Twenty-three FTE provide computer system design and development for all student aid program functions in addition to the debt collection functions; 22 FTE provide quality assurance for student aid programs, including debt collection, and 5 FTE provide leadership to the DCMAS.

In terms of location of staff, DCMAS has 79 FTE at headquarters and 231 FTE in the field, located in Atlanta, Chicago, and San Francisco.

Senator Proxmire: What's the current amount of debt owed for which the Service is responsible?

Answer: In terms of the Department's outstanding loan defaults, the DCMAS is responsible for collection on Federal loans (FISL & NDSL) totalling $1.7 billion as of May 1, 1986.

Senator Proxmire: What are its collection targets in fiscal 1987? How does this compare with the current year? How much was collected last year?

Answer: Target Collections on Federal loan defaults by the Debt Collection Service and the Contract Collectors are as follows:

($ in millions)	1985	1986	1987
In-house DCMAS	$46.0	$45.0	$44.0
Contractors	65.0	41.0	45.0
IRS Offset	—	116.0	229.0

OFFICE FOR CIVIL RIGHTS -- EARLY COMPLAINT RESOLUTION

Senator Proxmire: Ms. Coro, I'm surprised your office continues to rely on the Early Complaint Resolution (ECR) as a means of settling discrimination complaints. Under existing law, as you know, the Office for Civil Rights is supposed to seek voluntary compliance by institutions before taking action. Civil rights advocacy groups argue that the Early Complaint Resolution technique may allow schools to continue their discriminatory practices simply by cutting a deal with the individual filing the complaint. I understand the Justice Department has raised some questions concerning ECR, arguing that the procedure could set a precedent for future institutions to cite when trying to escape enforcement action. When did you resolve this with the Department of Justice?

Answer: A task force was appointed in May 1985 by the former Assistant Secretary for Civil Rights to evaluate the effectiveness of the Early Complaint Resolution (ECR) process. The task force conducted a thorough legal analysis of the statutory obligations, regulatory requirements and concerns raised by the Department of Justice (DOJ). In answer to DOJ's concern about weakening OCR's enforcement posture, the task force found that since OCR is a neutral mediator and does not act in an adjudicatory capacity, an ECR settlement is not a legal judgment to be used as a precedent.

Senator Proxmire: What is the purpose of the Memoranda of Understanding developed by the Office for Civil Rights in conjunction with State education and human rights agencies?

Answer: The purpose of the Memoranda of Understanding (MOU) is to encourage greater involvement of State education and civil/human rights agencies in voluntary civil rights compliance activities. A model MOU was approved by the Assistant Secretary for Civil Rights in 1983 to assist OCR Regional Directors in negotiating MOUs with State education and civil/human rights agencies that would support mutual civil rights objectives. The MOUs allow mutual exchange of each agency's investigation, negotiation, and technical assistance information. These agreements also encourage consultation and input by each agency on the complaint investigations, compliance reviews, technical assistance services, and program plans of each agency.

Senator Proxmire: How many States have entered into such agreement?

Answer: OCR has entered into 43 formal (signed) agreements with State education and civil/human rights agencies.

Senator Proxmire: Can you identify them for us now? If not, please provide this information for the record?

Answer: Formal MOUs are identified as follows:

Region I	Maine Human Rights Commission Massachusetts Department of Education New Hampshire Department of Education Rhode Island Department of Education
Region II	New Jersey Department of Education New Jersey Division of Civil Rights New York Division of Human Rights Puerto Rico Civil Rights Commission Virgin Islands Civil Rights Commission Virgin Islands Department of Education
Region III	D.C. Office of Human Rights Pennsylvania Human Relations Commission West Virginia Human Rights Commission
Region IV	Kentucky Department of Education Mississippi Department of Education North Carolina Department of Community Colleges South Carolina Human Affairs Commission Tennessee Commission on Civil Rights Tennessee Department of Education
Region V	Illinois Department of Rehabilitative Services Indiana Rehabilitative Services Michigan Department of Human Rights Minnesota Department of Human Rights Minnesota Department of Education Ohio Department of Education Wisconsin Health and Social Services
Region VI	Oklahoma Human Rights Commission Texas Education Agency Texas Commission on Human Rights
Region VII	Iowa Department of Public Instruction Missouri Commission on Human Rights Nebraska Commission on the Status of Women
Region VIII	Colorado Department of Education Montana Department of Education North Dakota Office of Public Instruction South Dakota Department of Education Utah Office of Education Wyoming Department of Education
Region IX	California Department of Rehabilitation Hawaii Department of Education Nevada Department of Education
Region X	Oregon Department of Education Washington Human Rights Commission

INSPECTOR GENERAL — ALIEN STUDENT PROJECT

Senator Proxmire: Mr. Thomas, I understand your office and the Immigration and Naturalization Service work together in connection with student aid fraud by non-U.S. citizens. Last year, for example, the Department of Justice convicted 224 aliens who, apparently, received a total of $1.5 million in Federal student assistance. Were any of these aliens deported?

Answer: My office has worked on numerous joint investigations with the Immigration and Naturalization Service which resulted in the conviction of aliens for student aid fraud. Our project records identify only indictments, convictions, and the aid received. We do not attempt to collect data on, or track the progress of, deportation proceedings initiated by the INS.

Senator Proxmire: Have there been any indictments or convictions over the past year?

Answer: Yes, there have been both indictments and convictions in the past year.

Senator Proxmire: What are the numbers? How many indictments? How many convictions?

Answer: For the period from April 1, 1985, to March 31, 1986, OIG investigations have resulted in 98 indictments and 79 convictions.

Senator Proxmire: Have you recommended any new procedures to the Department over the past year to reduce the possibility of fraud?

Answer: Yes, the OIG has recommended several regulatory changes and suggested that the Department enter into a cooperative arrangement with the INS to use the INS Systematic Alien Verification for Entitlement (SAVE) system.

COMPENSATORY EDUCATION FOR THE DISADVANTAGED

STATEMENT OF LAWRENCE F. DAVENPORT, ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION

ACCOMPANIED BY:

- MARY JEAN LeTENDRE, DIRECTOR, COMPENSATORY EDUCATION PROGRAMS, OFFICE OF ELEMENTARY AND SECONDARY EDUCATION
- JOHN STAEHLE, ACTING DIRECTOR, MIGRANT EDUCATION PROGRAMS
- SALLY CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION, DEPARTMENT OF EDUCATION
- LOIS A. BOWMAN, DEPUTY ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION
- W. STANLEY KRUGER, DIRECTOR, DIVISION OF IMPACT AID, OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

PREPARED STATEMENT

Senator WEICKER. The next account is compensatory education for the disadvantaged, the account is also referred to as chapter 1. The principal witness for the account is Assistant Secretary for Elementary and Secondary Education, Mr. Davenport.

Your statement in its entirety will be included in the record, if you would proceed to summarize it, and introduce the colleagues that you have with you.

[The statement follows:]

STATEMENT OF LAWRENCE F. DAVENPORT

Compensatory Education for the Disadvantaged

I am pleased to appear before your committee to discuss the 1987 budget request for Compensatory Education for the Disadvantaged. We are requesting $3.7 billion for fiscal year 1987. This request, which is a $159 million increase over the 1986 amount available after sequestering, would restore Chapter 1 funding to its 1985 and 1986 appropriated levels. Our request recognizes the urgent need to curtail expenditures and control the Federal deficit while maintaining the Federal Government's commitment to helping States and localities meet the special educational needs of disadvantaged children. Despite the fiscal constraints that we face, the activities supported within this account remain high priorities within the Department and make up 24 percent of its 1987 budget request.

Within our 1987 request, we would increase funding for Chapter 1 Grants to Local Educational Agencies and Evaluation and Technical Assistance to an amount greater than their 1986 appropriation levels. The Neglected and Delinquent program, the Handicapped program, and State Administration would be restored to their 1986 appropriation levels. We would reduce funding for the Chapter 1 Migrant Education program to reflect a proposed legislative reform that would focus funds more effectively on children who actually migrate. Finally, no funds are requested under this account for the High School Equivalency program (HEP) and College Assistance Migrant program (CAMP) because they would be merged with similar outreach and special services programs in our higher education reauthorization proposal. Likewise for 1986, we are proposing a rescission for HEP and CAMP that would terminate their funding because they duplicate other Federal program services and are expensive for the number of students served.

Grants to Local Educational Agencies

Chapter 1 Basic Grants to Local Educational Agencies remains the primary vehicle for providing compensatory education services to the disadvantaged. We are requesting over $3.2 billion for this program, which is $199 million more than the 1986 amount available after sequestering and $61 million greater than the original 1986 appropriation. The requested increase results from the shifting of funds from the State migrant program where they would no longer be needed as a result of the proposed migrant education reform. These additional funds would help school districts meet the needs of formerly migrant students who remain educationally disadvantaged but no longer qualify for the Migrant Education program.

At this level nearly 14,000 school districts, 90 percent of the districts in the United States, would again receive Chapter 1 funds in school year 1987-88. We estimate that school districts would serve between 4.9 and 5.1 million children. However, this range is strictly an estimate because local school districts, not the Federal Government, determine the actual number served and thus the Federal contribution per child in any year. Program data attest to the large variation in the ways States and localities choose to use their Federal funds. In the 1983-84 school year, which is the latest year for which actual participation data are available, the program served 4.8 million children and the average Federal contribution per child ranged from $390 to $1,133 depending on the State.

State Agency Programs

For the Chapter 1 Migrant program we are requesting $203 million, a reduction of $51 million below the 1986 postsequester level. Of this amount $5 million would support the Migrant Student Record Transfer System and the remainder would support compensatory education activities provided by the State. Our request reflects a proposed legislative change that would affect the length of time that a child may be eligible to receive services as a "formerly migrant child." Program data indicate that 62 percent of all students counted for the 1986-87 school year allocation are "formerly migrant" students who have not moved in the previous year, and that over 72,000 "migrant" students have have remained in the same school system for at least four consecutive years. Children who no longer migrate, but who are educationally disadvantaged, are more properly served under the Chapter 1 LEA Grant program.

Our proposed 1987 policy would enable us to focus program funds more appropriately on children whose education has most recently been affected by their migrant status. Under this proposal, children who are in their fourth and fifth year of eligibility as formerly migrant children would no longer be eligible for services or counted for allocation purposes. We would, however, maintain the current level of Federal support for an estimated 312,000 full-time-equivalent students (including summer participants) who are currently migratory or who are in their first, second, and third year of eligibility for services as formerly migratory children.

We are requesting $150 million in 1987 for the Chapter 1 Handicapped program. This is $6 million more than the 1986 postsequester level and would restore the program to its 1986 appropriation level. We expect States to serve about 254,000 children with a Federal contribution per child of roughly $591. No policy changes are proposed in fiscal 1987.

For the Neglected and Delinquent program, we are requesting $33 million, the same as the 1986 appropriation level. This is a $1 million increase over the 1986 postsequester level. At this level, States could continue to provide services to an estimated 48,000 students with an average Federal contribution of $685 per child. No policy changes are proposed.

Other Programs

To provide for the various administrative requirements of Chapter 1, we are requesting $36 million for State Administration in 1987. This is the same as the 1986 appropriation level and $2 million more than the 1986 postsequester level. Each State would receive an amount that is proportionate to its total Chapter 1 allocation, but no less than $225,000.

The 1987 request for Evaluation and Technical Assistance is $6.2 million, which is $1 million more than the 1986 appropriation and $1.2 million more than the postsequester level. Under this request the Department would begin three separate studies of the Chapter 1 Migrant, Handicapped, and Neglected and Delinquent programs. Evaluation data for these programs are either old or non-existent. These studies would provide descriptive information on program operations and examine their effectiveness. They are necessary if the Department and Congress are to make informed program and budget policy. The remaining funds would provide assistance to State and local officials through regional technical assistance centers, support the Chapter 1 program improvement initiative, and enable the Department to review and analyze participation and achievement data submitted by the States through the Chapter 1 Evaluation and Reporting System.

We are again requesting that funds for this activity continue to become available immediately upon enactment of the fiscal year 1987 appropriation rather than delaying their availability until July 1, 1987, like the other Chapter 1 funds. This pattern of availability would enable the Department to begin important evaluation activities, like the proposed studies of the State agency programs, earlier in the fiscal year.

Proposed Legislation

In order to implement the 1987 budget proposal I have just outlined and to ensure the smooth operation of the Chapter 1 program, we are also proposing several amendments to the authorizing statute.

The first amendment would allow the Department to use the criteria of poverty used by the Bureau of the Census in compiling the 1980 census, instead of the criteria associated with the 1970 census. This amendment would provide us with a more consistent and accurate data base on which to make the formula allocations.

The second amendment would eliminate the requirement that the Department distribute a part of the 1987 Chapter 1 request on the basis of obsolete 1975 Survey of Income and Education (SIE) data.

The third amendment concerns the Chapter 1 Migrant Education program. The proposed legislative change would reduce the time a formerly migrant child can be counted for purposes of allocating funds and receiving services from five years to three years in fiscal year 1987 and to two years in fiscal year 1988. Under the existing law, children are counted for allocation purposes and can receive services for five years after they have ceased to migrate. The proposed change would allow us to focus funds and services more effectively on those children who are actually migratory.

The fourth change would affect the funding authorization for migrant coordination activities by eliminating the minimum funding requirement of $6 million. This legislation would permit funding of the Migrant Record Transfer System (MSRTS) at the current $5 million level and eliminate funding for inter- and intra-State coordination activities which already take place among the States as a condition for receiving program funds.

Finally, the Administration has also submitted separate legislation authorizing the use of vouchers by parents of Chapter 1 participants to obtain the educational services that best meet their children's needs. In addition to making resources directly available to individuals, such a system would inject a healthy element of competition into the educational system, encourage parents to become more involved in the education of their children, and give local school districts more flexibility in providing disadvantaged students in parochial schools with the educational services required by Chapter 1. The legislation would not affect the allocation of funds or the selection of students served.

My colleagues and I will be happy to respond to any questions you may have.

Special Programs

I appreciate this opportunity to appear before you to present the fiscal year 1987 budget request for the Special Programs account. The request for this account totals $678.9 million, an increase of $41.9 million over the revised level.

The Special Programs account includes two State formula grant programs supporting State and local educational improvement activities and several discretionary grant programs designed to give Federal assistance in areas of national concern or to address needs of particular segments of the population. For 1987, the budget request is focused on those programs which support national, State, and local efforts at educational improvement.

The three major programs in this account -- Chapter 2 of the Education Consolidation and Improvement Act, a new Teacher Training and Improvement Initiative, and the Magnet Schools Assistance program -- support such efforts. Therefore, in order to reflect the importance which the Administration places on Federal support for educational improvement, these three activities would receive a $58 million (9 percent) increase over the revised 1986 levels for the same or antecedent authorities.

Our budget also proposes termination of direct Federal support for a number of categorical programs that have either outlived their usefulness, are eligible for funding from other sources, or do not reflect an appropriate Federal role in education.

Chapter 2 of the Education Consolidation and Improvement Act

Our request for Chapter 2 of the ECIA totals $528.9 million. Most of these funds flow directly to State governments and local school districts where they may be used to respond directly to State and local needs. At the same time, Chapter 2 provides for a limited set-aside of discretionary funds to be used by the Secretary to address broad national priorities.

State Block Grants

The Chapter 2 Block Grant continues to be a high Administration priority. The 1987 budget request would raise funding for the Block Grant by $21.5 million to the 1986 appropriation level of $500 million.

This program provides aid to States to improve the quality of elementary and secondary education for children in public and and private schools. Its focus is upon general excellence in education, rather than federally prescribed categorical activities.

For State and local educational agencies, Block Grant money represents a flexible, unencumbered resource which can be used in such critical areas as updating and improving curriculum materials, developing new programs for the gifted and talented, and meeting the costs of school desegregation. As such, the program is an ideal vehicle for State and local implementation of reforms such as those recommended by the National Commission on Excellence in Education. The requested level will permit continuation of educational reform efforts underway at the State and local levels.

Secretary's Discretionary Fund

The budget request for 1987 proposes to increase the Secretary's Discretionary Fund by $1.2 million to its 1986 appropriation level of $28.9 million. These funds will be used by the Secretary of Education for Federal-level activities that assist State and local educational agencies in improving elementary and secondary school programs. The activities address national priorities and include both congressionally mandated areas of concern and special initiatives in areas where Federal participation is appropriate. At present the Department estimates that it will fund all of the mandated activities -- Inexpensive Book Distribution, Arts in Education, Alcohol and Drug Abuse Education, and Law-Related Education -- at their 1986 appropriation levels. However, the Department continues to support legislation submitted in 1985 which would eliminate the minimum funding levels for the mandated programs, thereby giving the Secretary greater flexibility over the use of discretionary resources. Funds will also be available for the National Diffusion Network and for special initiatives.

Teacher Training and Improvement

The proposed Teacher Training and Improvement Act is one of the Department's most important initiatives for 1987. This legislation would amend the existing Science and Mathematics Education program so that funds could be used to improve teaching in all subject areas and so that the program would be more flexible and less administratively cumbersome at all levels. This new activity would also replace two redundant categorical programs: Territorial Teacher Training and Leadership in Educational Administration. For 1987, $75 million is requested for the new Teacher Training and Improvement program. This is a 44 percent increase over the 1986 postsequestration levels for the three antecedent programs. Of this amount, 80 percent would be used for State grants and 20 percent for discretionary projects at the national level.

State Grants

For the Teacher Training and Improvement State Grants program, we are requesting $60 million in 1987. This would be a $20.8 million (53 percent) increase over the amount that States will receive for Science and Mathematics in 1986.

Under our proposal each State would be required to pass through at least 90 percent of its grant to eligible recipients such as local educational agencies, institutions of higher education, and cultural institutions. Up to 5 percent of the grant could be used for State administration; any remaining funds retained at the State level would be used for special State-initiated projects.

Funds will be used for such activities as inservice education for teachers and administrators; retraining of teachers who wish to move into new subject areas; and programs to attract qualified persons from outside the profession into teaching. States would be required to fund projects carried out by a broad range of service providers and to give priority to activities that would improve the teaching of English, math, the natural and physical sciences, the humanities (including foreign languages), and other academic subjects. The $60 million proposed for State grants in 1987 will permit commencement of important teacher training and improvement initiatives in all the States and Outlying Areas as well as the Bureau of Indian Affairs schools.

Secretary's Discretionary Fund

In fiscal year 1987, $15 million is requested for this program to support nationally significant projects of reserach, development, testing, demonstration, data collection, and dissemination. Such projects might include summer institutes for advanced study by teachers and administrators; development of industry-education exchange programs; and grants to institutions of higher education to develop and test innovative teacher education programs.

Some teacher training discretionary funds would also be used to continue the new initiative, honoring Christa McAuliffe, to improve the competence of teachers in science and mathematics.

Magnet Schools Assistance

For 1987, the budget proposes to increase funding for Magnet School Assistance by $3.2 million to the 1986 appropriation level of $75 million. These funds would be used for the first year of awards made under a new grant competition.

The Magnet Schools Assistance program authorizes grants to local educational agencies for use in magnet school progams that are part of desegregation plans approved by courts or the Department's Office for Civil Rights. Funds may be used for conducting academic and vocational programs, including planning and promotional acitivities, teachers' salaries, and the purchase of books, materials, and equipment. Activities must be related to improving students' knowledge of math, science, history, English, foreign languages, art, or music, or improving their vocational skills.

A 1983 report completed for the Department by Lowry and Associates found that magnet schools can be an effective means of achieving voluntary desegregation, improving educational quality, and increasing the choices available to students. We believe that these findings justify continued funding for Magnet Schools Assistance at the increased level of $75 million.

The Magnet Schools Assistance program should not be considered a vehicle for long-term support of school districts that operate magnet schools, but should be used to spur the development and expansion of the important magnet school concept.

Terminations and Rescissions

The Special Programs account also includes a number of categorical programs that duplicate other activities and in some cases are not well designed to meet their objectives. These programs generally address narrow fedeerally perceived priorities which may not be relevant to State and local needs. Furthermore, the programs impose costly administrative and paperwork burdens on State and local schools. These activities include Excellence in Education, Women's Educational Equity, Training and Advisory Services, General Assistance to the Virgin Islands, Ellender Fellowships, and Follow Through, as well as Territorial Teacher Training and Leadership in Educational Administration. The budget proposes to terminate direct Federal support for all of these activities, except Training and Advisory Services, through a 1986 rescission of all funds remaining after sequester. For Training and Advisory Services, the budget would rescind $7 million in 1986 and would provide no funding in 1987.

My colleagues and I will be happy to respond to any questions you may have.

Impact Aid

We appreciate this opportunity to appear before you to discuss the 1987 appropriation request for Impact Aid. The President's Budget contains a request of $548 million for Impact Aid program activities under Public Law 81-874 and Public Law 81-815. This request recognizes the urgent need to curtail expenditures in order to control the Federal deficit while maintaining the Federal Government's commitment to compensate school districts for the cost of educating children when enrollments and the availability of revenue from local sources have been adversely affected by Federal activities.

The request includes $533 million for Maintenance and Operations activities under Sections 2 and 3, $10 million for Section 7, Disaster Assistance, and $5 million for Construction. The 1987 request is $114.7 million less than the post-sequestration level and $144.5 million less than the 1986 enacted level. Most of this decrease is due to the Administration's decision to propose the elimination of payments for "b" children. These are children who reside or whose parents work on Federal property and whose presence creates no significant burden for local school districts. In keeping with the policy of focusing Federal aid on those school districts that are the most heavily burdened by the effects of Federal activities, payments will be made only to districts that enroll students whose parents both live and work on Federal property, and thus do not generate local property tax revenues.

Maintenance and Operations

Of the $533 million requested for Maintenance and Operations, the budget proposes to increase funding for Section 3(a) by $22 million to the 1986 enacted level of $513 million. These funds will be used for making payments for children who reside and whose parents work on Federal property or are on active duty in the uniformed services.

For 1987, a more equitable distribution formula is proposed for payments under this section. This revised formula would continue to provide higher rates of payment for districts with high proportions of federally connected children. However, the proposed formula contains a graduated scale, with several stages at which payment rates would decrease, instead of the current, abrupt transition from full funding or nearly full funding to less than half of that amount when a district has fewer than 20 percent Federal children. The exception to this level of funding would be for payments on behalf of children who reside in federally subsidized, low-rent housing. These payments will continue to be made at the reduced rate of no more than 15 percent of entitlement because the presence of these children in a school district is generally not a direct result of Federal activities. We expect to make Section 3(a) payments to approximately 1,100 districts in 1987 under this proposal, of which about 330 have 20 percent or more "a" children.

In 1987, the Department proposes to earmark a specific amount of available funds for increased payments to districts eligible under Section 3(d)(2)(B). These are districts that are particularly heavily burdened by the presence of federally connected children, that meet specific criteria in the program statute, and that do not have sufficient funds to provide a level of education comparable to similar districts in their State. Funds for 1987 payments under this provision would be limited to $10 million, an amount which has generally been sufficient to meet all claims for these payments. In line with the termination of payments for "b" children, Section 3(b) children will not be counted for eligibility and/or payments under Section 3(d)(2)(B) in 1987.

In addition, in 1987, the Department proposes to restore a provision requiring a $5,000 minimum payment under Section 3. This minimum, which was in effect in fiscal years 1982-84, eliminates small payments to districts with very few federally connected children. Through the minimum payment requirement, funds are reserved for only those districts experiencing actual financial burdens due to Federal activities.

The $20 million requested for Section 2, which is $1 million less than the post-sequestration level and $2 million less than the enacted 1986 appropriation, is still expected to be sufficient to permit payments to be made at 100 percent of entitlement. We estimate that Section 2 payments will be made to about 260 districts that have suffered a partial loss of tax base, totaling 10 percent or more of assessed value, due to the acquisition since 1938 of real property by the United States Government. These payments are not tied to the presence of federally connected children in the district. In fact, almost half of the districts that receive Section 2 payments do not receive payments for federally connected children because they either have no such children or they have too few to meet the program's basic eligibility criteria.

Disaster Assistance

For 1987, the budget proposes to increase funding for Section 7 by $430,000 to the 1986 enacted level of $10 million. Because the level of funds required for disaster assistance fluctuates greatly from year to year, the budget proposal includes a request that funds remain available until expended. This provision, first adopted in 1985, increases the Department's flexibility to meet the varying levels of demand for disaster assistance.

Construction

Construction funds are requested for 1987 only for awards under Sections 14(a) and (b). For this activity, the request is $5 million. This is $2.2 million less than the amount for Sections 14(a) and (b) for 1986 after sequestering, and $11.7 million less than the 1986 amount for all construction activities after sequestering.

Local educational agencies that serve children residing on Indian lands and are eligible under Sections 14(a) and (b) appear to have the greatest need for new or additional facilities and the least funds available from other sources. Construction under Sections 5 and 14(c) will have to be postponed until the Federal deficit is reduced. Grants under these sections are generally for a small proportion of the total cost of the projects. Applicants may be able to find funds from other sources enabling them to complete their projects without Federal funds.

For Section 10, which authorizes the repair and construction of facilities to serve children residing on Federal property, funds have been made available through the Department of Defense as well as the Department of Education since 1984. Although our request includes no funds for Section 10 construction, the Department of Defense budget proposal for 1987 includes $20 million for Section 10 activities.

My colleagues and I will be happy to respond to any questions you may have.

Biography of Lawrence F. Davenport

POSITION : Assistant Secretary for Elementary and Secondary Education

BIRTHPLACE AND DATE : Lansing, Michigan, October 13, 1944

EDUCATION : Michigan State University, 1966, B.A.
Michigan State University, 1968, M.A.
Fairleigh Dickinson University, 1975, Ed.D.

EXPERIENCE

PRESENT : Assistant Secretary for Elementary and Secondary Education

1981-1982 : Associate Director for Domestic and Anti-Poverty Operations, ACTION
1979-1981 : Provost, San Diego Community College District
1974-1979 : President, San Diego Community College Educational Cultural Complex
1972-1974 : Vice President for Development, Tuskegee Institute
1972-1972 : Assistant Dean for Special Projects, the University of Michigan-Flint
1969-1972 : Director of Special Projects, the University of Michigan-Flint
1968-1969 : Assistant Director of Student Activities, Lansing Community College

INTRODUCTION OF ASSOCIATES

Mr. DAVENPORT. Thank you, Mr. Chairman.

To my right is Mary Jean LeTendre, the Director of Compensatory Education Programs; to my left is John Staehle, Acting Director of the Migrant Education Programs; to my immediate right is Sally Christensen from the Office of Planning and Budget.

SUMMARY STATEMENT

I am pleased to appear before your committee to discuss the 1987 budget request for compensatory education for the disadvantaged. We are requesting $3,700,000,000 for fiscal year 1987. This request which is $159 million increase over 1986 amounts available after sequester will restore chapter 1 funding to its 1985 and 1986 appropriation levels.

Our request recognizes the urgent need to curtail expenditures, and control the Federal deficit, while maintaining the Federal Government's commitment to helping States and localities meet the special education needs of disadvantaged children.

Despite the fiscal constraints that we have to face, the activities supported within this account remain high priorities within the Department, and make up 24 percent of the 1987 budget request.

Within our 1987 request, we would increase funding for chapter 1 grants to local education agencies and evaluation and technical assistance to an amount greater than their 1986 appropriation levels. The neglected and delinquent program, the handicapped program, and State administration would be restored to their 1986 appropriation levels.

We would reduce funding for the chapter 1 Migrant Education Program to reflect a proposed legislative reform that would focus funds more effectively on children who actually migrate.

Finally, no funds are requested under this account for the high school equivalency program and college assistance migrant program because they would be merged with similar outreach and special services programs in our higher education reauthorization proposal. Likewise, for 1986, we are proposing a rescission for HEP and CAMP that would terminate their funding because they duplicate other Federal program services and are expensive for the number of students served.

My colleagues and I, Mr. Chairman, will be happy to respond to your questions.

Senator WEICKER. Senator Andrews, do you have questions?

Senator ANDREWS. On chapter 1, Mr. Chairman?

Senator WEICKER. Yes.

Senator ANDREWS. Yes; I do.

1987 REQUEST

Mr. Davenport, the administration proposed a slight increase for chapter 1 LEA grants to bring the level up to $3.261. In addition, you propose to decrease the Migrant Education Program under part B of chapter 1 from $265 million to $203 million, as well as level fund the handicapped at $150 million, the program for neglected and delinquent students at $33 million.

Your budget assumes that that increase to part A funding under chapter 1 will come from reductions to the State Migrant Program. In addition, you have stated that the reductions are, in turn, based on proposed legislation. Now, that leaves me with two questions.

First, how do you expect the subcommittee to seriously consider your request if it is based on these types of contingencies?

Mr. DAVENPORT. There are two points I would like to make. One, we have tried to put the money in the budget to represent those areas where there is the greatest need. The LEA Grant Program serves a greater number of students.

The second point is that we have proposed a change in the Migrant Education Program which would limit eligibility for formerly migrant students from 5 years to 3. This allows for services to be better targeted on those students who either are currently in the migrant stream, or who have recently left the migrant stream.

The migrant legislation speaks specifically to the needs of these students in the migrant stream. Interestingly enough, in the program, the number of students who are out of the migrant stream has grown. Some of these students are already receiving services under chapter 1 funding, and some of the others who are not receiving chapter 1 services and are eligible for chapter 1 services. We believe this is a reasonable alternative that would actually provide more funds at the local level to serve chapter 1 children.

MIGRANT EDUCATION PROPOSAL

Senator ANDREWS. This shifting around based on what might come through in legislation can't help but make us wonder if this is another example of what the Secretary has referred to as reflecting a commitment to educate the poor, the disadvantaged, and the handicapped.

You look at the figures, and you look at the in-house shift, and you come up with the appropriate figures, but you cannot slide some of these back considerably more than it would appear to be justified or right, I might say, ethical. If you are going to do things for the handicapped, we have to do it.

The migrants in my State, they come there, they are not native. They come up and they certainly need a hand up, and the State can't afford funding of the migrants. Where are they going to be taken care of?

Mr. DAVENPORT. Mr. Chairman, I think you hit the nail right on the head, and that is part of the misunderstanding of our migrant proposal. We are not talking about eliminating services to students who are in the migrant stream. What we are talking about is limiting the eligibility of students who leave the migrant stream and remain eligible for 5 years as formerly migrant students. The legislation allows up to 5 years of eligibility and we are propsoing to make that 3 years in 1987. After your formerly migrant student leaves the migrant stream, that person would remain eligible for services as a migrant student under this program for 3 years. Then after that, those students who are still educationally disadvantaged would receive services under the chapter 1 LEA Grant Program. We have some States where something like 90 percent of the migrants are formerly migratory.

Senator ANDREWS. I know that 90 percent of the migrants may be former migrants, but in the case of our State, the people who are in the migrant stream are still migrants.

Mr. DAVENPORT. They will not be affected by this change.

Senator ANDREWS. I have some questions on chapter 2, Mr. Chairman, but I will wait, if that is preferable to you.

Senator WEICKER. Thank you, Senator Andrews.

PERCENT OF ELIGIBLE CHILDREN SERVED BY CHAPTER 1

Based on your estimates, what percent of eligible children under the chapter 1 compensatory education for the disadvantaged are now served by the program?

Mr. DAVENPORT. Mr. Chairman, we estimate somewhere between 68 and 80 percent, and I want to explain that. We estimate that between 6 and 7 million children are eligible for chapter 1 services. This range is derived from two perspectives: First, there are the number of children from low-income families. In the 1983–84 school year, almost 8 million children from low-income families were counted for allocation purposes. We assumed that about 75 percent or 6 million of these children are educationally disadvantaged, that is, one or more years below the grade level appropriate for their age, and therefore, eligible to participate in the program.

A significant number of children are educationally disadvantaged but are not poor. About 10.2 million, or 23 percent of the students enrolled in elementary and secondary education programs are educationally disadvantaged, that is, one or more years below grade level. Assuming that 70 percent of these children live in low-income areas that receive chapter 1 services, then the number of eligible children would be around 7.1 million.

Remember that the program is designed to serve children who are educationally disadvantaged—the key point—and who reside in low-income areas. School districts ultimately determine who is educationally disadvantaged. The actual child selection process is based on an assessment of need that is conducted by the LEA. Because the selection criteria vary from district to district, the number and types of children also vary.

In the 1983 school year, the last year for which actual data exist, chapter 1 served slightly over 4.8 million children. Based on our estimate of eligible population, this would mean that we are providing services to between 68 and 81 percent of all eligible chapter—excuse me. Because our first estimate of the eligible population is more realistic than our second, we are probably servicing about 80 of all total eligible students.

CHAPTER 1 FORMULA

Senator WEICKER. The committee understands that you use a formula based upon a computation of children aged 5 to 17 who scored below the 20th percentile of standardized educational achievement tests.

Ms. LETENDRE. The formula to allocate the money is based primarily on census data on children aged 5 to 17 from low-income familes. To determine which children are educationally disadvantaged and eligible to be served each district establishes its own criteria for what is deemed to be below the grade appropriate for the age of the child. That can be anywhere below the 50th percentile, and many school districts take into account criteria other than standardized test scores to make those determinations, such as teacher judgment.

Senator WEICKER. To continue, the Department's own sustaining effects study of chapter 1 indicated that those scoring below the 35th percentile, not the 20th percentile, would be a more appropriate indicator of the educationally disadvantaged.

Ms. LETENDRE. I don't know where you gained the criterion of the 20th percentile. We have no particular criteria defined within the statute or regulations. I think the sustaining effects study reviewed the effect of different criteria for selection of participants.

NUMBER OF CHAPTER 1 STUDENTS SERVED

Senator WEICKER. The other question is, then, how do you know how many students are being served?

Ms. LETENDRE. We know the students who are served by the reports that the States give us every year.

Mr. DAVENPORT. Mr. Chairman, as you remember, in my definition, which I was using earlier, we were talking about students one or more years below grade level, that also helps you define the population that you are working with.

CHAPTER VOUCHER PROPOSAL

Senator WEICKER. Do we have a voucher proposal? I am talking now about a budget proposal. Is this budget based on chapter 1, or is it based on a proposed voucher system?

Ms. CHRISTENSEN. The budget is based on the existing chapter 1 statute. The voucher proposal which was introduced in November does not affect the chapter 1 budget. It would be an option available to parents if it were enacted. The budget would remain the same, and the option of how to use the funds would be determined at the local level by the parents. The money would remain the same, and the selection of the students would remain the same.

Senator WEICKER. Are any of you spending much time on this voucher business? Do you spend much time on it?

Mr. DAVENPORT. Yes, sir; people call in and write in, ask questions. We respond to the public, yes, sir.

Ms. CHRISTENSEN. The proposal, Mr. Chairman, has been developed in the office of the Under Secretary, and the office of legislation. There have been some hearings in the House on this, and there has been a lot of interest expressed from various constituencies around the country on the voucher proposal.

It provides one more option for parents of disadvantaged children who feel they are not getting adequate services under the current chapter 1 program.

Senator WEICKER. Then I suggest that the job of the Department of Education, which is charged with the responsibility of educating in whatever way necessary all the children of the Nation, that is where the effort takes place. That is where the effort takes place.

IMPROVING THE QUALITY OF CHAPTER 1

Ms. CHRISTENSEN. Are you saying——

Senator WEICKER. I am saying, if we are not doing the job then we ought to be doing the job, and that means you ought to be doing the job.

Ms. CHRISTENSEN. We think that we basically are doing the job in chapter 1. The point is, if there are some disadvantaged children around whose parents feel that they could get a better education by going to a private school than what they are getting under the chapter 1 then they should be able to send them. I am not saying that there are a lot of them. This voucher proposal merely provides an additional option for those parents who feel that they are entitled to a choice as much as a parent who has enough money to send their children to private school, or who live in a neighborhood where they go to a better school.

Mr. DAVENPORT. Mr. Chairman, the Department has as you know, a secondary school recognition program which will select its first recipients this year, and the chapter 1 exemplary project initiative, which has identified outstanding chapter 1 programs across this country. In addition, we have brought together the people who are operating those programs, and sponsored regional conferences across the country to share information about successful chapter 1 projects. This is in addition to our process through the JDRP, where we identify models of successful programs and publicize information about them. Also, we are publishing a source book on successful chapter 1 projects across this country that will share project information with the people.

Besides that, as you know, we have the academic fitness award program, which is recognizing outstanding academic achievement across the country. Outside of my area, the recognition program in the vocational education projects in each of the regions has made progress. Publication of information from the Commission on Excellence to the publication of the booklet entitled "What Works" are other ways that the Department exercises its leadership role in promoting improvement of education for all American young people, which everybody would agree, is the goal of the Department and the goal of the Congress, and the goal of the President.

Ms. LETENDRE. Mr. Chairman, we will be honoring some unusually successful chapter 1 projects next Tuesday, and six of these are from the State of Connecticut. At the International Reading Association meeting next week, these successful chapter 1 projects will receive certificates of merit for their fine work.

CHAPTER 1 VOUCHER PROPOSAL

Senator WEICKER. Listen, I have no argument against chapter 1. I think that chapter 1 is great, and I think that much has been accomplished under it. But I am saying, if there are shortfalls here, then it is up to us to dig them out, let's go ahead and improve them.

Hooray for the private sector. I am a product of the private system, and I was fortunate enough to be able to go ahead and do that. What I am talking about is that there is no reason why, because it is public, that we have to relegate it conceptually to being something less than the private sector. There is no reason why it shouldn't be better. So, I don't dispute chapter 1, or your stewardship of chapter 1. I am wondering why we are wasting time worrying. about vouchers, instead of hitting in our own ballpark.

That anybody who feels uncomfortable should go somewhere else, the private sector, to get it—there is no point in discussing the philosophy because we are not going to have a voucher system. We are just wasting our time discussing it.

Ms. LETENDRE. Let me just say one thing.

Senator WEICKER. What I am anxious to do is to make sure that these efforts and these resources are being concentrated on what our responsibility is under the law, not what you would like it to be.

Ms. CHRISTENSEN. Mr. Chairman, you can be assured that we are doing that. We are devoting all of our resources and money under the chapter 1 appropriation to improving the chapter 1 program. We think other activities such as the voucher proposal are very good ideas for those who would like to take advantage of it. It is not costing the program any more money in terms of program funds or administration funds.

Senator WEICKER. Well, Mr. Davenport's time is money, isn't it? When Mr. Davenport is spending time in drafting his voucher proposal, it is costing money.

Mr. DAVENPORT. There was a committee, a task force that worked on the voucher proposal. My time, as you know, was spent mainly on the chapter 1 program, chapter 2, Migrant Education Program, and the Indian Education Program. I devoted my efforts mainly to those, but I did have staff representation on the task force.

Senator WEICKER. Senator Andrews.

Senator ANDREWS. Chapter 2.

Senator WEICKER. Do you have any questions on this section?

Senator ANDREWS. No; I have asked mine on that. I would like to ask a couple of questions on chapter 2.

Senator WEICKER. I am going to get to that in just a moment.

I have further questions for response to the record. Now why don't we move to chapter 2 since we have the same witness on this account, but probably you would like to have somebody else accompany you at the table.

Secretary Davenport who testified as to the special program account, is also the witness on chapter 2. After the Secretary has delivered his statement, Senator Andrews, you may lead off with your questions.

Senator ANDREWS. Then I have a couple of questions on impact aid.

Mr. DAVENPORT. Mr. Chairman, if Senator Andrews wants to ask questions on impact aid, may I invite a staff member?

Senator ANDREWS. Can't they shout at you from the back row?

Senator WEICKER. Are you handling impact aid also, Mr. Secretary?

Mr. DAVENPORT. Yes; Mr. Chairman.

Senator WEICKER. Yes; bring them on up.

Senator ANDREWS. I always thought the more accurate the answer, the further back in the row they sit.

Mr. DAVENPORT. That is why I make them sit up front.

Senator ANDREWS. They speak up better that way.

Senator WEICKER. Why don't we accept your statements, both as to special programs and as to impact aid, and why don't you synopsize both of them at this time, and then we will go to questions.

SUMMARY STATEMENT ON SPECIAL PROGRAMS

Mr. DAVENPORT. I appreciate this opportunity to appear before the committee to present the fiscal year 1987 budget request for the special programs account. The request for this account totals $678.9 million, an increase of $41.9 million over the revised request level and $4.1 million over the 1986 postsequester level.

The special programs account includes two State formula grant programs supporting State and local educational improvement activities and several discretionary grant programs designed to give Federal assistance in areas of national concern or to address needs of particular segments of the population. For 1987, the budget request is focused on those programs which support national, State and local efforts at educational improvement.

The three major programs in this account—chapter 2 of the Education Consolidation and Improvement Act, a new teacher training and improvement initiative, and the Magnet Schools Assistance Program—support such efforts. Therefore, in order to reflect the importance which this administration places on Federal support for educational improvement, these three activities would receive a $58 million increase over the revised 1986 levels for the same or antecedent authorities.

Our budget also proposes termination of direct Federal support for a number of categorical programs that have either outlived their usefulness, are eligible for funding from other sources, or do not reflect an appropriate Federal role in education.

SUMMARY STATEMENT ON IMPACT AID

Mr. DAVENPORT. On impact aid, Mr. Chairman, and members of the commmittee, we appreciate the opportunity to appear before you to discuss the 1987 appropriation request for impact aid.

The President's budget contains a request of $548 million for Impact Aid Program activities under Public Law 81–874 and Public Law 81–815. This request recognizes the urgent need to curtail expenditures in order to control the Federal deficit while maintaning the Federal Government's commitment to compensate school districts for the cost of educating children when enrollments and the availability of revenue from local sources have been adversely affected by Federal activities.

The request includes $533 million for maintenance and operations activities under sections 2 and 3, $10 million for section 7, disaster assistance, and $5 million for construction. The 1987 request is $114.7 million less than the postsequestration level and $144.5 million less than the 1986 enacted level.

Most of this decrease is due to the administration's decision to propose the elimination of payments for "B" children. These are children who reside or whose parents work on Federal property, but not both, and whose presence creates no significant burden for local school districts.

In keeping with the policy of focusing Federal aid on those school districts that are the most heavily burdened by the effects of Federal activities, payments will be made only to districts that enroll students whose parents both live and work on Federal property, and thus do not generate local property tax revenues.

Senator WEICKER. Thank you, Mr. Secretary.

Senator Andrews.

BLOCK GRANT FUNDING LEVEL

Senator ANDREWS. Thank you, Mr. Chairman.

You are proposing to fund chapter 2 State block grants at last year's level of $500 million. Will this level be adequate?

Mr. DAVENPORT. Yes, sir.

Senator ANDREWS. In all ways?

Mr. DAVENPORT. Yes, sir.

TERMINATION OF CATEGORICAL PROGRAMS

Senator ANDREWS. Your budget also proposes to terminate several initiatives under the special programs account, for example, the Excellence in Education Act, and the Women's Educational Equity Act [WEEA]. Your rationale is that these programs, and I am quoting you, "address narrow, Federally perceived priorities, which may not be relevant to State and local needs." Is that accurate?

Mr. DAVENPORT. Yes, sir.

Senator ANDREWS. Do you mean the Department of Education actually views excellence in education and efforts to lower the incidence of discrimination as narrow priorities?

Mr. DAVENPORT. No, sir.

Senator ANDREWS. Look, "Old Dad," you just said that, you know, and I quoted to you. I said, you say that these programs, the Excellence in Education Act, and the Women's Educational Equity Act, "address narrow, Federally perceived priorities which may not be relevant to State and local needs." You said, "yes," you agree with that. That is the way it is.

Then I said, "do you actually view excellence in education efforts to lower the incidence of discrimination as a narrow priority." Which is which?

Mr. DAVENPORT. I said, "no, sir," because we are proposing to provide a new teacher training program that would allow us to target our funding. Women's educational equity is an eligible activity under chapter 2. If the school districts choose to spend funds from chapter 2 for that activity, they can.

In the WEEA Program, over the last 10 years, we have spent about $72 million. Materials have been developed and are available at the center in Massachusetts for people who want to purchase them. Our studies show that many of the projects that we have funded are very local in nature, do not have any national or State impact. So this program is not one of our priorities. We chose as one of our priorities to increase funding for chapter 1, and we also propose that we increase funding for chapter 2 and provide a new program for teacher training. Those are what we consider priority items. There are other programs within the Department which we could have decided to fund, but we decided that these funds could be better used in meeting what we consider our No. 1, 2, and 3 priorities.

EXCELLENCE IN EDUCATION

Senator ANDREWS. You keep running these new concepts by us. The Excellence in Education Act is relatively new, you really haven't given it a fair trial, and now you are coming up with a new ornament to hang on the Christmas tree. You say that you are in favor of it, yet you say that it is a narrow priority, and it may not be relevant. Then you say, yes, it is relevant.

Secretary Bennett sat exactly where you are sitting, and he spoke on behalf of the need to ensure excellence in public education. He even cited the 1983 report, "A Nation at Risk." My question has to be this: In terms of guiding principles and overall objectives, where is the action to back up the rhetoric?

You say, we need excellence in education. You start a program, and then you deep-six it, and you say that it is a narrow need, and then you say that it isn't, it is one that we have to move with. But I can't see, in your budget, anything that backs up in dollars and cents, and this is the

Appropriations Committee, where we are trying to go through this budget, and we can't see where you are backing up what you say you are in favor of when we force you to say it.

Mr. DAVENPORT. Mr. Chairman, I am going to try one more time because I think you need to look at the excellence program, and the way it was written, and the way those funds are to be provided to the school districts. The districts have to submit applications to the States. The States then have to submit them to Washington for competition.

Each State can select up to 25 applications and send them to the Department. In most cases, the States have selected fewer than that.

What we are saying to you is that there are better ways to improve education.

Senator ANDREWS. That is fine.

Mr. DAVENPORT. When we talk about an excellence movement, and about the role of this Department, Senator, I think you have to look at, as I said earlier, in terms of the education revolution that is going on nationwide. This Department has taken a leadership role through our Academic Fitness Awards, the Commission on Excellence, the secondary school recognition program, and the elementary school recognitation program. Those are all actions taken by the Department.

Senator ANDREWS. What I am gathering right now is the fact that you say you are for the concept of excellence in education.

Mr. DAVENPORT. Yes, sir.

Senator ANDREWS. But you fault the legislation. You say that it could work better. Have you submitted to the Congress your ideas for changes, for amendments to make it work better?

Mr. DAVENPORT. We proposed amendments to the excellence program last May, but they were not adopted by the Congress.

Ms. CHRISTENSEN. Senator Andrews, we agree completely with the objectives of the excellence in education program. Some of the problems that we have had, and we have operated it for 1 year now, are that it is very unwieldy administratively, and very cumbersome. The grant selection process takes a lot of time, it costs a lot of money at both the State agency and the Federal level.

There is a very large set-aside, $1 million out of the $5 million program, for just evaluation of the program.

Senator ANDREWS. I like the way you salute the concept, but you fail to flesh out the skeleton. You have got to come up here and either be sure that it is funded adequately, or have some alternative which, as you say, works better.

Ms. CHRISTENSEN. We do have an alternative.

Senator ANDREWS. But not expressed in dollars and cents in your budget.

Ms. CHRISTENSEN. We continue to fund the secondary school recognition program, and, in alternate years, the elementary school recognition program.

Senator ANDREWS. You think that this will be operated in such a way that it will perform the objectives of the excellence in education concept?

Ms. CHRISTENSEN. Yes; because it is recognizing superior, excellent projects at the elementary and secondary level nationwide. We do it with a lot less money than we can do it under the excellence program.

Senator ANDREWS. I am glad that you are for the concept because that means, if we write in some specifics as to how you can better salute the concept, I am sure that you will be very happy to accept them and move ahead with them.

Senator WEICKER. Senator, if I might, at this juncture. The bells have rung for a vote. I know that you have questions on impact aid. I want to recognize the fact that Senator Harkin is here.

I would like to ask, Senator Harkin, is there something you would care to ask on these special programs at this time?

Senator Harkin. No; Mr. Chairman. Let me make an inquiry. This is not where the Trio Programs are located?

Senator WEICKER. No.

Senator Harkin. They come under a different account.

Ms. CHRISTENSEN. Under higher education.

Senator WEICKER. It is always good to have Senator Harkin with us.

I will submit the rest of my questions, and I am sure that Senator Harkin will, for response to the record. Therefore, Senator Andrews, you go ahead and ask whatever questions you want. It is my intention to recess the committee at the time that your questions are over. I believe that these are the last two accounts.

EFFECTS OF ELIMINATING IMPACT AID "B" PAYMENTS

Senator ANDREWS. Fine.

In North Dakota, Mr. Davenport, one out of every five students attends a school that benefits from impact aid. These funds are critical to my State's schools, and I am sure to many other States that have similar concerns over your budget request.

You said that "B" students provide no significant burden to the local schools just a minute ago.

Mr. DAVENPORT. Yes, sir.

Senator ANDREWS. That is not the way I hear it from out there. Once again you are attempting to eliminate funding for category "B" students. Looking at the legislative history, and the wording of Public Law 81-874, there is active recognition on the part of Congress of the Federal Government's obligation to compensate the State, the county, and local governments for lost revenues due to Federal activity, or Federal acquisition of land.

Based on the intent of Congress, how do you justify your proposed elimination of funding for "B" payments? It is one thing in a major metropolitan area where you have a few "B" students scattered around town. It is even another thing in the suburbs around Washington. But you go down into a rural district, where you are adjacent to an Indian reservation, where the "B" students are a significant part of that particular school, and it represents the opportunity for education or the nonopportunity, because it is a significant part of that budget.

Mr. DAVENPORT. Senator, I believe we have to begin to analyze what the people are telling you out there in the field.

Senator ANDREWS. It is not what they are telling me. I know. I live in that area, and I know what it is. You come from a rural area, you have a very low tax base to fund that school. It is adjacent to an Indian reservation. The students that come from the Indian Reservation into that school bring with them category "B" payments.

Mr. DAVENPORT. Indian children, they are category "A" students automatically.

Senator ANDREWS. Not always.

Mr. DAVENPORT. I cannot recall of any instance where they are not. If you know of some, I would appreciate knowing about it.

Senator ANDREWS. We will run those by.

Mr. DAVENPORT. If I may, Senator, let me point out to you, again, that "B" students' parents contribute to the State and local tax base the same as other taxpayers living in that area, at almost the same rate as parents of non-Federal children. They pay property tax. They pay sales tax, and frequently income tax.

The economic benefits—as we said each time we came up here, and I am going to say it again—accrue to that community at a much higher rate than school district expenditures increase because of the presence of these children. The local tax base increases because of increased employment, and increased expenditures on property, goods, and services resulting from that employment.

The economic benefits are so substantial that local districts really compete to get these facilities.

Senator ANDREWS. But if you have a large cadre of people working on an Indian reservation, being paid by the Federal Government for whatever they do, their houses are not on the Indian reservation, they are alongside of it, they don't generate much taxes. The business tax is what we need. We are losing any tax revenue from that kind of "B" student.

Mr. DAVENPORT. What you are talking about is the way that the States raise their funds, or the localities raise their funds to pay for the school district, which is not really a part of the impact aid system.

REVENUES FOR SCHOOL EXPENDITURES

Senator ANDREWS. We pay for our schools largely with the property tax. If the parents of the children are working for the Federal Government on an Indian reservation, their workplace pays no tax revenue to support that school. They may live in a taxable house, and they do if they are "B" students, but those homes don't contribute near as much to the tax base of those schools as do the places of employment if they were paying tax.

Mr. DAVENPORT. I see the confusion. For the Federal property, there is a provision for payments in lieu of taxes. What I thought you were talking about was payments for the "B" student, where the parents live off of the Federal property.

Senator ANDREWS. The "B" student on the reservation, and the family he lives with, that is paid for. It is the person who works on the reservation—a lot of those BIA types don't live on the reservation. It seems to me that the law implies that some federally connected children will have a greater impact on school districts than others, that is a given.

My question is, is the Federal Government now saying, according to your budget, that, yes, we have an obligation, but we are only going to honor part of that obligation.

Mr. DAVENPORT. No, sir; we are saying that the obligation is to the "A" students. We are saying that the "B" students' parents live off of the reservation or off of the Federal property, own property and are paying taxes which is the way that education is paid for in most of the States. They are property owners, and they are taxpayers. They pay income tax.

Senator ANDREWS. Why do you suppose we set up the impact aid in the first place if it wasn't necessary to compensate these districts?

Mr. DAVENPORT. Senator, I really don't know, but for 13 years, I think, every President has been proposing that we eliminate "B" payments because the presence of "B" students really does not present a hardship to the school district because, as the very point that you make, these people are living off of the Federal property, paying their taxes the same as any other citizens living in that particular area.

Senator ANDREWS. The school districts say that they are contributing much less than a normal student.

Let me close this up because time is running out.

FUNDS FOR CONSTRUCTION ACTIVITIES

Does your budget request call for a reduction of impact aid construction money under Public Law 81–815?

Mr. DAVENPORT. Yes, sir.

Senator ANDREWS. How much?

Mr. KRUGER. The appropriation, prior to Gramm-Rudman, was $17.5 million for all of Public Law 81–815, and it was reduced by 4.3 percent, so it is roughly $17.1 million.

Senator ANDREWS. So your rationale is Gramm-Rudman, and that is the reason for the cut?

Mr. KRUGER. I am saying what the 1986 appropriation was after the reduction by Gramm-Rudman. It was $17.1 million. The administration request for 1987 is for $5 million.

Senator ANDREWS. What is your rationale for that kind of a roundhouse-cut?

Ms. CHRISTENSEN. Those funds would be focused on Indian schools that are the neediest ones. We feel that we have a full obligation for those schools.

Senator ANDREWS. So you are going to concentrate that $5 million left on Indian schools in Indian school districts. So two school districts in North Dakota, the Warwick and St. John, that have applied for that construction money should get it because you are going to concentrate on Indian schools.

Ms. CHRISTENSEN. We feel that they are the highest priority.

Senator ANDREWS. We will wait and see how Warwick and St. John make out.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. There will be further questions submitted for response to the record.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

HISTORY OF 1987 CHAPTER 1 REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Compensatory Education for the Disadvantaged was $3.9 billion. The final President's Budget of $3.7 billion, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

PERCENT OF ELIGIBLE STUDENTS SERVED BY CHAPTER 1

Question: Based on your estimates, what percent of eligible children under the Chapter 1 Compensatory Education for the Disadvantaged are now served by the program?

Answer: For school year 1983-84, the program served 4.8 million children which we estimate is between 68 and 80 percent of the eligible population. This range is based on two criteria:

- Children from low-income families: In the 1983-84 school year almost 8 million children from low-income families were counted for allocation purposes. About 75 percent, or 6 million of these children are educationally disadvantaged (that is, one or more years below the grade level appropriate for their age) and therefore eligible to participate in the program.

- Children below grade level: A significant number of children are educationally disadvantaged but not poor.

About 10.2 million, or 23 percent, of the students enrolled in elementary and secondary schools are educationally disadvantaged. Many, but not all, are from low-income families. If about 70 percent of these children live in low-income areas that receive Chapter 1 assistance, then the number of eligible children would be around 7.1 million.

Question: Yesterday, we heard from Deputy Under Secretary Bruce Carnes that somewhere around 75 to 80 percent of eligible disadvantaged students are served under the current Chapter 1 program. We have never received such a high estimate. Specifically, how do you determine how many students are eligible for this program?

Answer: This is difficult to pinpoint because student eligibility depends on a series of decisions made by the local school district. Typically an eligible student is one who:

- lives in an eligible attendance area within a school district, usually an area that equals or exceeds the district's level of poverty;

- is enrolled in one of the grade levels that is served by the Chapter 1 program in that attendance area; and

- is among the lowest achieving students in the subject area(s) served by the program within that grade and attendance area.

Question: The Committee understands that you use a formula based upon a computation of children aged 5 to 17 who scored below the 20th percentile on standardized educational achievement tests. Yet the Department's own "Sustaining Effects Study" of Chapter 1 indicated that those scoring below the 35th percentile and not the 20th percentile would be a more appropriate indicator of the educationally disadvantaged. How did you arrive at the 20th percentile as a cut-off, when your own study finds that the 35th percentile is a more accurate measure of poor achievement? Using the 35th percentile, the percent of those educationally disadvantaged who are actually served by the Chapter 1 program is only 31 percent. Do you care to comment?

Answer: We did not use a specific formula based on percentile rankings to estimate the number of students eligible for Chapter 1. Our estimate (described above in an earlier response) was derived from two criteria: the number of children from low-income families and the number of children who are one or more years below the grade level appropriate for their age. Any estimate on the number of students eligible for Chapter 1 services will be imprecise because student eligibility depends on a series of decisions made at the local level and will vary from year to year depending on which schools and which grades an LEA decides to serve.

CHAPTER 1 VOUCHER PROPOSAL

Question: Under your Chapter 1 voucher proposal, it would be permissable to use Chapter 1 funds to purchase "regular" educational services at private schools, with no need for schools to provide supplemental educational services to the disadvantaged children, which is the way the Chapter 1 program works for public schools. Doesn't this violate the most basic assumptions underlying this program, that educationally disadvantaged children should be provided with supplemental educational services designed to meet their special educational needs, and that Federal aid should be used to pay only the excess cost of such supplemental services, not to subsidize a school's regular educational program?

Answer: No, the basic purpose of the program, which is to provide additional resources to meet the needs of educationally disadvantaged children, remains unchanged. School districts would continue to select educationally disadvantaged students to be served by Chapter 1 based on a district-wide assessment of educational need. Under the voucher proposal, the parents of those students selected to be served can use the funds that the LEA would normally spend to provide compensatory education services for their children to obtain the services that best meet their children's needs. The choice of the educational program or school is left to the parents.

The voucher program would make certain changes concerning program operations and fiscal accountability. For example, a parent could use Chapter 1 funds to pay for tuition costs at a private school or another public school. The existing Chapter 1 rules concerning maintenance of effort, supplement-not-supplant, and comparability would be modified for an LEA or private school that accepts a child who chooses to use a voucher for one of its schools.

Question: Please explain how such voucher payments would constitute anything other than a Federal subsidy to private schools, directly supplanting other funds normally used for their basic operating budgets?

Answer: The voucher proposal would not constitute a Federal subsidy to private schools. It would provide more choice for Chapter 1 children. Under the current Chapter 1 statute, eligible children in public and private schools alike already receive Chapter 1 services.

Other Federal programs with a similar mechanism, such as Pell Grants and the G.I. bill, provide payments directly to students who use them to attend the public or private postsecondary institution of their choice. No one views those programs as direct Federal subsidies to private schools.

Question: What is your estimate of the increase in local administrative costs -- to establish and maintain the voucher system, and for pupil transportation -- that would be occasioned by implementation of your Chapter 1 voucher proposal?

Answer: Any additional administrative costs would be small -- especially when compared to the educational benefits that will result. Under the voucher proposal, local educational agencies must carry out three additional administrative tasks:

- o conduct a meeting to inform parents of their eligibility to participate in the voucher program and review the options available to them;
- o establish a system for issuing and redeeming vouchers; and
- o determine that vouchers are used for the purposes established under the bill and recover any funds not properly used.

These responsibilities should not be burdensome because they are similar to many of the administrative responsibilities that local districts already undertake as part of the existing Chapter 1 program. For example, LEAs currently must involve parents in the planning, implementation, and evaluation of the program; procure necessary staff, materials, supplies, and equipment; and establish a system for accounting for Chapter 1 funds. Responsibilities under the voucher program are logical extensions of the current administrative requirements of Chapter 1.

Question: Under your voucher proposal for Chapter 1, would any private school be eligible to participate, with no requirement that schools be State-approved or otherwise accredited?

Answer: There is no requirement that a private school have State accreditation. A voucher may be used for any private school that qualifies as an educational organization under section 170 of the Internal Revenue Code. A school qualifies under that section if:

- o its primary function is the presentation of formal instruction;
- o it normally maintains a regular faculty and curriculum; and
- o it normally has a regularly enrolled body of students in attendance at the place where its educational activities are carried on.

MIGRANT EDUCATION

Question: Your Chapter 1 Migrant Education proposal would eliminate from specific migrant programs those youngsters not considered to be truly migrant (those who have remained settled for three years). You would shift $62 million out of the Migrant program and instead put it into the regular Chapter 1 program. Since less than half of eligible Chapter 1 students are not served under the program (and recent estimates have it as only 31 percent of eligibles served), what makes you assume that these formerly migrant students will necessarily receive regular Chapter 1 services? How will you ensure that such children receive Chapter 1 services?

Answer: Those formerly migrant children who are educationally disadvantaged but are no longer eligible for the Migrant Education program because they have not moved in the past three years would be treated like any other children eligible for services provided by the Chapter 1 LEA Grants program. The decision on who is selected to be served by the Chapter 1 LEA Grant program is made at the local level. To the extent that these formerly migrant students are among the most in need of remedial instruction, school districts are obligated to give priority to serving them. We have requested an additional $61 million for Chapter 1 LEA Grants to offset the proposed decrease in the Migrant Education program to help local school districts provide services for these students.

We do not agree with your estimate on the percentage of eligible students receiving compensatory education services. We estimate that between 68 and 80 percent of the eligible population is served and believe that most of the educationally disadvantaged children that would be dropped from the Migrant Education program under our proposal would be served under the LEA Grant program.

AQUILAR VS. FELTON DECISION

Question: What has been the response of local educational agencies to the 1985 Supreme Court decision in the case of Aquilar vs. Felton, which forbids sending public school teachers into sectarian, private schools to provide Chapter 1 services? Has there been any change in the number of private school children served by Chapter 1?

Answer: State and local officials indicate that the Felton decision has complicated the delivery of equitable Chapter 1 services to children enrolled in parochial schools. There has been a change in the number of private school children being served since the implementation of the Felton decision. Based on an informal survey to determine the effect of the decision on Chapter 1 services to children in private schools, three States reported an increase in the number of private school children served; three States indicated that private school participation has remained about the same, and 45 States reported decreases in private school participation. Nationally the number of private school children participating in the program declined by about 55,000 during the 1985-86 school year.

Question: How much guidance has the Department of Education given school districts that are trying to implement this decision?

Answer: The Department issued guidelines on the Aquilar vs. Felton decision on August 15, 1985. In addition, the Secretary has sent several letters to the Chief State School Officers providing more guidance. The Director of Compensatory Education has also provided guidance in this area through a memorandum to State Chapter 1 Directors. In addition, the Department has responded to many individual requests for guidance. The need for additional guidance is currently being reviewed.

Question: What are the "best ways" to serve private school pupils in Chapter 1?

Answer: There are no "best ways" to serve private school pupils under Chapter 1 because circumstances vary across the 14,000 local school districts that receive Chapter 1 assistance. The Department has provided guidelines on the Aquilar vs. Felton decision to help local school districts meet the statutory requirement that eligible private school students receive equitable Chapter 1 services in a manner consistent with that decision.

Our Chapter 1 voucher proposal provides an additional option to school districts to provide students in private schools with the Chapter 1 services to which they are entitled. We believe that making Chapter 1 funds directly available to the parents of educationally disadvantaged children selected to be served by Chapter 1 would allow those children to benefit more conveniently from Chapter 1 services, given the constraints imposed by the Felton decision.

CHAPTER 1 LEGISLATIVE PROPOSAL

Question: As in past years, you are again requesting that we modify the Chapter 1 allocation formula for current Census data through the appropriation process. Why do you refuse to present these proposals to the appropriate authorizing committees?

Answer: That is not the case. We submitted our Chapter 1 proposal modifying the allocation formula and changing the eligibility period for formerly migrant students to Congress on March 12, 1985. That proposal is still pending before the authorizing committee.

PARENTAL INVOLVEMENT

Question: One of the reasons given for supporting so-called "choice" in education, that is, vouchers and tuition tax credits, is to increase parental involvement in education, according to this Administration. Wasn't there at one time a requirement for the establishment of parent advisory councils under the old Title I program and didn't the Administration support eliminating this requirement in an effort to reduce Federal burdens on the local school districts when Title I became Chapter 1 in 1981?

Answer: Title I required that local educational agencies establish parent advisory councils. Chapter 1 of the Education Consolidation and Improvement Act in 1981 continues the Title I requirement that school districts consult with and involve parents in the planning, implementation, and evaluation of their compensatory education programs, but does not require parent advisory councils. The intent of that provision, which the Administration supported, was not to eliminate or reduce parental involvement or consultation, but to give school districts greater flexibility in the ways in which they involve parents.

IMPROVEMENT IN CHAPTER 1 QUALITY

Question: Your justifications indicate that you believe the Chapter 1 program to be a "modest success in improving the basic skills of students who participate" and that it has "a positive impact on raising academic achievement in all grades for reading and mathematics." Your documents indicate that these gains are greater for students in certain grades than in others. They indicate that while 75 percent of participants receive reading instruction, only 42 percent receive math instruction; that program quality varies from district to district; that program costs vary from district to district; and that costs could be reduced without affecting program quality. My question is to what extent are you currently addressing these issues in order to make a good program even better?

Answer: The Department has done extensive work to improve the quality of the Chapter 1 program. Annually the Secretary recognizes successful Chapter 1 projects selected from those recommended by Chief State School Officers. These projects, plus others approved by the Department's Joint Dissemination Review Panel (JDRP) for national dissemination, are described in a sourcebook which is shared widely with local school districts across the country.

The Department also funds four Technical Assistance Centers (TACs), which devote a substantial percentage of their efforts to improving Chapter 1 projects. Each TAC, staffed by research and evaluation experts, focuses on improvement activities such as helping successful local projects obtain validation through the JDRP, assisting projects to apply the findings of effective schools and program research to their projects, and helping States respond to the Department's initiative to improve Chapter 1 quality.

Question: Shouldn't you be doubling your efforts in these areas rather than trying to voucherize the Chapter 1 program and bringing on a whole series of new problems?

Answer: The Department's work on improving Chapter 1 quality has been substantial. The Chapter 1 voucher program would not diminish this effort. We believe that our voucher proposal will yield immediate improvements in the program and would not create a new series of problems.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

CHAPTER 1 INSTRUCTIONAL STAFF

Question: The number of teachers available for Chapter 1 instruction seems to get smaller each year even through the number of students increases as does the amount of Federal support. For example, the Department's latest Annual Evaluation Report indicates that in the 1981-82 school year, local project funds supported about 138,230 teacher or teacher aides. Two years later, local project funds supported approximately 133,482 teachers or aides. That's a reduction of 4,798 instructors at a time when the program received an increase of $116.2 million and the number of students rose from 4.7 million to 4.8 million. Can you tell us why?

Answer: There is no one specific reason for the decrease in Chapter 1 staffing. The data reflect the result of decisions made by some 14,000 school districts about how they design, organize, and staff their projects. Some projects have found ways to become more cost effective by increasing the ratio of students to teachers. Others have chosen different kinds of activities which require fewer staff. At the same time inflation and increases in teacher salaries have also contributed to the decline in the number of Chapter 1 staff.

NEGLECTED AND DELINQUENT STUDY

Question: Last year you advised us that a national assessment of the Neglected and Delinquent Youth program was planned for 1985. Instead, the assessment has been postponed until next year and a small case study is currently underway. Why the change?

Answer: Last year in our justification for the 1986 budget request, we indicated that the Department would begin a small-scale study of the Neglected and Delinquent program in 1985. That study, which will cost about $67,000, was begun in September 1985 and is scheduled for completion this summer. In the 1987 request for Chapter 1 Evaluation and Technical Assistance, we indicated that we plan to use some of those funds to begin a national study of the program.

STATE MONITORING OF CHAPTER 1

Question: I understand some State education agencies are monitoring their programs infrequently -- or not at all. Why is this?

Answer: Under Chapter 1, there is no specific requirement that SEAs conduct on-site monitoring of local educational agencies. However, the Department of Education holds State officials -- who approve local applications for Chapter 1 funds -- responsible for ensuring that those programs are carried out in compliance with Federal requirements.

Based on on-site State program reviews conducted over the past several years, State officials typically carry out on-site reviews of local programs on a two-to-three year cycle, depending on the size of the State and the resources available to conduct such reviews.

Question: What steps have been taken to ensure that States are monitoring their programs?

Answer: As part of the preparation for conducting on-site reviews of State and local administration of Chapter 1, the Department's review team requests that State officials forward a copy of the State monitoring policy, the State monitoring schedule for the past several years, the State monitoring instrument, and copies of monitoring reports based on such reviews. During the on-site review, the review team members conduct follow-up interviews and examine additional documents to ensure that States are monitoring their programs.

MONITORING THE CHAPTER 1 NEGLECTED AND DELINQUENT PROGRAM

Question: Page 30 of the budget justification indicates that the Neglected and Delinquent Youth program reaches 48,000 neglected and delinquent children under 21 in 700 State-operated or State-supported institutions. How many on-site reviews were completed by the Department in fiscal year 1984?

Answer: In fiscal year 1984, the Department completed 25 reviews of State-operated or State-supported institutions for neglected and delinquent children.

Question: How does this compare with last year?

Answer: In fiscal year 1985, reviews of 27 such institutions were completed.

PERCENTAGE OF CHILDREN WHO ARE DELINQUENT

Question: What percentage of the children in this program are delinquent?

Answer: Approximately 59 percent of the children in this program reside in institutions operated for the care of delinquent children and about 37 percent are in adult correctional institutions.

Questions Submitted by the Subcommittee

SPECIAL PROGRAMS

ORIGINAL 1987 REQUEST FOR SPECIAL PROGRAMS

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secreteary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Special Programs was $773 million. The final President's Budget of $678.9 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

TEACHER TRAINING

Question: The Secretary is proposing a new Teacher Training initiative to replace the math science program and other categoricals relating to school improvement.

How much of the $75 million request for a teacher training program would go to the Secretary for his own discretionary activities?

Answer: A total of $15 million is requested for the Secretary's Discretionary Fund.

Question: For what would he use these discretionary funds?

Answer: Under the legislation, the discretionary fund would support such activities as:

- Centers and summer institutes for teachers and school administrators to enhance their knowledge and skills;
- Scholarships or fellowships for teachers and administrators attending institutions of higher education for additional education in their instructional areas or related fields;
- Model programs for the exchange of personnel between education and private industry;
- Development of improved teacher education programs;
- Collecting and disseminating information about exemplary inservice teacher education programs, teacher shortages and surpluses, and the qualifications of teachers in elementary and secondary education; and
- Research on teaching and on the education of teachers and administrators.

For 1987, some discretionary funds will be used to continue the Christa McAuliffe Scholars program to improve teachers' understanding of science and mathematics.

Question: How many more dollars would the Secretary have for discretionary activities under the new proposal in FY 1987 than he has at present in FY 1986 under the current programs?

Answer: The 1987 request includes $11,124,000 more than is available for science and mathematics discretionary activities in FY 1986. If the Leadership in Educational Administration (LEAD) program, which is also proposed to be replaced by the Teacher Training and Improvement program, is also counted as a discretionary activity in FY 1986, the 1987 request for discretionary money would be $3,947,000 more than in FY 1986.

Question: Have you submitted legislation to the authorizing committees to authorize this teacher training initiative?

Answer: Yes, the Secretary submitted this bill to Congress on February 24.

Question: What assurance will your proposal have that the Secretary will not fund activities leading to the development of a national curriculum or promote a particular point of view in textbooks and curricular materials?

Answer: First of all, curriculum development (or revision) would not be an authorized activity under the Act. Beyond that, the Secretary is expressly prohibited under Section 103(b) of the Department of Education Organization Act from exercising any direction, supervision, or control over the curriculum or program of instruction of any educational institution, school system, or accrediting agency.

SECRETARY'S DISCRETIONARY FUND - MANDATED PROGRAMS

Question: Your FY 1987 budget asks us to change the authorizing statute in order to do away with the mandated set-asides under the Chapter 2 Secretary's Discretionary Fund (Reading is Fundamental, Arts for the Handicapped, Alcohol and Drug Abuse Education, etc.). Your budget documents indicate that this is being requested to give the Secretary greater flexibility to "focus resources on unmet national needs."

As Assistant Secretary for Elementary and Secondary Education, can you tell us what are some of the unmet national needs for which the funds would be used?

Answer: The Secretary has not yet decided which unmet national needs will be addressed through projects under the Secretary's Discretionary Fund. Two areas of interest at present are the problems of drug abuse in schools and the lack of programs for gifted and talented students.

Question: How much does the Secretary plan to spend on these unmet national needs?

Answer: The Secretary has not yet decided what amounts should be spent on which needs. Our intention in requesting that the set-asides be eliminated is not to eliminate funding for the mandated programs. These programs would be funded at levels similar to those of FY 1986. However, as a matter of principle, we believe the Secretary should have true discretion over all of the Secretary's Discretionary Fund.

Question: Why is he asking us to make this statutory change when he should be asking the authorizing committees to do so?

Answer: Proposed legislation to make this change was transmitted to the Congress on March 12, 1985, as part of a package of amendments to the Education Consolidation and Improvement Act. The Congress has not acted on these requests, and we requested again that Congress do so on April 5, 1986.

LAW-RELATED EDUCATION

Question: The purpose of the Law-Related Education program is to provide students with knowledge and skills pertaining to the law, the legal process, the legal system, and the fundamental principles on which these are based. Two years ago, the Congress, in fact, pulled this program out of the block grant and made it a set-aside under the Secretary's Discretionary Fund.

Your budget documents specify that you intend to use some of the funds to provide elementary and secondary school teachers and administrators with opportunities to become educated about the principles that affect their ability to maintain safe and orderly schools. Please explain what is meant by this.

Answer: The purpose of the Law-Related Education program is to enable non-lawyers, including children, youth and adults, to be more informed citizens concerning the law, the legal process, the legal system, and the fundamental principles and values upon which these are based.

The Department's Application Notice for New Awards under the Law-Related Education program for fiscal year 1986 specifically invites applications that propose to provide elementary and secondary school teachers and administrators with law-related education, including education about the legal principles that affect the maintenance of safe and orderly schools. These projects would increase teachers' and school administrators' understanding of and respect for our system of law and legal institutions. This knowledge would better enable them to motivate students to understand and respect the law. When teachers and pricipals are unclear about their legal rights and responsibilities, they may be hampered in their ability to maintain an atmosphere conducive to learning, may act in violation of students' rights, and may convey to students inaccurate information about the law. The Secretary, therefore, encourages law-related adult education projects to help teachers and administrators: (1) become aware of constitutional and statutory rules relevant to keeping order in schools; (2) understand the legal and moral principles on which these are based; (3) adhere to these rules in their contacts with students; and (4) communicate to students these rules and their basis.

Question: Also, how do you expect to use these funds to "improve student character" as your budget justification indicates?

Answer: Funds to "improve student character" would be used for projects that would encourage such qualities as informed respect for the law and an understanding of the rights and duties of American citizenship. Character development begins at home, but the American people agree that schools also have an important role to play in helping children to develop reliable standards of right and wrong. The Secretary believes that Law-Related Education projects can assist in this effort, and encourages projects that address student responsibilities as well as student rights.

CHAPTER 2 BLOCK GRANT

Question: This administration maintains that it should not be involved in general aid to education, that such roles are for the States and localities. Since an estimated 70 percent of the local funds distributed under the State block grants are being allocated on the basis of enrollment, how does this program differ from a general aid-to-education program?

Answer: State and local education agencies must use Chapter 2 block grant funds, unlike general funds, only to supplement and increase the level of funds that would, in the absence of Chapter 2 funds, be made available from non-Federal sources. In addition, the authorized uses of Chapter 2 funds are controlled by the purposes of the programs that were consolidated under Chapter 2.

Question: What success has the Department had in ensuring that funds are used for serving children with higher than average educational costs and other children with special needs?

Answer: In the preamble to the Chapter 2 regulations, the comments and responses, and a special letter from the Secretary to each Chief State School Officer, the Department urged State educational agencies (SEAs) to consider revising their Chapter 2 formulas to provide adjusted allocations based on high-cost children only to local educational agencies (LEAs) with the greatest numbers or percentages of such children. The Department did not require SEAs to revise their formulas in this manner and thereby bar SEAs from exercising other options consistent with the statute, however, because such a requirement would have risked undermining the central legislative decision made by Congress in enacting Chapter 2--to make it a State-administered program with a minimum Federal role.

Even if States choose to provide adjusted allocations of Chapter 2 funds to LEAs with only the greatest numbers or percentages of high cost children, nothing in Chapter 2 requires them to target these funds on services for high-cost or special-needs children. To the contrary, Section 566(c) of Chapter 2 grants each LEA "complete discretion," subject only to the provisions of Chapter 2, in determining how it spends Chapter 2 funds. Moreover, in the 1983 Technical Amendments to Chapter 2, Congress emphasized LEAs' discretion by adding an assurance in the State application that the SEA had exercised no influence in the decisionmaking process of its LEAs regarding their expenditures under Chapter 2. The Department thus cannot interfere with the discretion afforded LEAs under Chapter 2.

Question: What efforts are being made to assure that State block grant funds are being used to supplement and not supplant State and local funds?

Answer: In addition to our on-site monitoring visits in all States, we are expanding our nonregulatory guidance, including the section on the requirement that Chapter 2 funds be used to supplement and not supplant funds that would, in the absence of Chapter 2 funding be made available from non-Federal sources. State education agencies are also monitoring local education agencies on-site, and as a part of that process they review whether positions and activities being funded with Chapter 2 were formerly funded from State and local resources.

TERRITORIAL TEACHER TRAINING

Question: Why are you recommending the termination of funds for Territorial Teacher Training under the proposed Teacher Training and Improvement program?

Answer: The Outlying Areas would receive $300,000 for teacher training under the Administration's Teacher Training and Improvement budget proposal for 1987. Furthermore, teacher training is explicitly authorized under other Department of Education programs that provide over $22 million in funds to the Outlying Areas under the consolidated grant authority. Continuation of the Territorial Teacher Training program on a categorical basis should no longer be necessary.

Question: Do you have information that suggests there is a reduced level of need for Teacher Training and Improvement in the outlying territories?

Answer: The fiscal year 1985 Territorial Teacher Training program continuation proposals from the Territories indicate that, for example, American Samoa has reduced the proportion of its instructional staff that is uncertified from 70 percent in 1980 to approximately 27 percent in 1984. Similarly, by 1985, only 6.2 percent of the teachers in Guam lacked full credentials.

Question: Your FY 1987 budget justifications indicate that the average teacher in some of the Outlying Areas does not have sufficient credit hours to receive a bachelor's degree. Do you consider such teachers to be adequately prepared?

Answer: No. However, the Department does not propose to eliminate Federal funding for teacher training in the Outlying Areas.

MAGNET SCHOOLS

Question: Last year, I seem to recall a discussion with you about whether or not the Federal government should be involved in encouraging desegregation within school districts. I am delighted that this year, with your first request for magnet school funding, you seem to have changed your position. Is there a particular reason why you changed your position?

Answer: In the 1987 budget, the Adminisration has reassessed the role of the Magnet Schools Assistance program within its overall education budget policy. In previous years, the Administration opposed funding for the program, believing that scarce resources should be devoted to established and successful programs serving the disadvantaged and handicapped. We argued then, and still believe, that primary responsibility for financing school desegregation programs, including magnet schools, lies with State and local authorities. Our 1987 budget reflects a slight shift in our priorities. We believe that Magnet Schools Assistance is a cost-effective way to help establish model magnet schools programs that other districts can study and implement. We remain firm in our view that this program should not become a vehicle for long-term operation of local magnet school programs.

Question: According to the justifications for the Magnet Schools Assistance program, no FY 1986 funds are available for new grantees since each of the FY 1985 magnet school projects received two-year awards. Many applicants (such as Prince Georges County, Maryland; Portland, Oregon, etc.) that failed to be awarded a grant in the first competition have to wait for a two-year period before being able to compete for Federal magnet school assistance.

Do you view the hiatus in new grant competition as a problem, particularly in light of school districts having to implement new court orders or new desegregation plans?

Answer: For sound educational reasons, the Department provided two-year grants to the first set of Magnet Schools Assistance grantees. Local educational officials agreed with us that, because of the amount of time it takes to develop curriculum, train staff, publicize programs, and recruit students, the process of developing quality magnet schools programs takes more than one year. Providing school districts with two-year grants gives them time to complete this developmental work and implement their programs. After two years, it is assumed that these programs will have demonstrated enough quality and credibility that local educational agencies will continue them with their own resources.

As for districts that, in the interim, have begun implementing desegregation plans, several points can be made. First, as stated earlier, the Administration continues to believe that the primary responsibility for financing desegregation rests with the States and localities. Second, the Magnet Schools program does not support general school desegregation activities but only magnet school programs established pursuant to school desegregation plans undertaken pursuant to a court order or an agreement with the Office for Civil Rights. School districts desegregating without magnet schools are ineligible for the program. Finally, although districts with recently implemented desegregation plans receive a competitive preference of up to 10 points in competitions for Magnet Schools funds, these districts are not assured of receiving assistance under the program. Rather, their applications are judged, for quality and other considerations, along with those of other eligible applicants.

WOMEN'S EDUCATIONAL EQUITY ACT

Question: In our FY 1986 Appropriations report, the Committee directed the Department to conduct an independent evaluation of the Women's Educational Equity Act program (WEEA). We understand the report has recently been completed.

Briefly, what did this independent analysis of the Women's Educational Equity Act program find?

Answer: The report was prepared by the Applied Systems Institute, a private research firm, and was submitted to the

Appropriations Committee on April 3. The major findings of the report are summarized as follows:

- The WEEA program continues to fund projects that address the concerns listed in the Act. However, the program is funding many projects that appear to be of local, rather than national or State, significance. Evaluation evidence needed to justify national dissemination of projects is lacking.

- Projects have been funded in six "priority areas" established by the program. These priority areas overlap with one another and with activities carried out in other programs of the Department and other Federal agencies. In such priority areas as "Eliminating persistent barriers to educational equity" and "Other," few new types of projects have been put forward in recent years; rather, the program continues to fund projects in areas for which there appears to be a sufficient body of program models and materials.

- Most WEEA funding has gone to postsecondary institutions and nonprofit organizations. These institutions and organizations have been clustered in a few States. However, only 12 percent of grantees have received more than one award.

- Evaluation and dissemination of products produced by WEEA projects have been uneven. Rigorous evaluation has not been conducted for many of the projects and the review criteria for products proposed for national dissemination have not included a strong requirement for documentation of effectiveness. This is unfortunate, since the quality and effectiveness of products offered by the Federal Government for national dissemination should be demonstrated by evaluation evidence.

- The costs of operating the WEEA publishing center are much higher than the return in sales. In 1984, the Federal cost for each individual item sold to the public averaged $50 while the average charge to the consumer was $7.

- The need for the program has changed over the past decade. Many gains have been made in women's educational equity, particularly at the college and university level. Overt barriers to participation have basically been eliminated at all educational levels. Gains that are being made by younger women will eventually transform the employment and earnings picture for the overall population.

Question: How effective is the program in meeting national goals of promoting equal educational opportunities for women and girls in education?

Answer: Because few WEEA projects have included any evaluation of participants' educational progress, measured against that of a control group, the researchers who prepared the new report were unable to determine the actual "effectiveness" of WEEA projects. In judging whether the WEEA program is an effective use of

Federal resources, however, we should consider some of the recently completed projects described in this report:

- A project in Syracuse, New York developed a physical fitness regimen for a group of women seeking to pass the firefighters' exam. Not only is this project a questionable use of Department of Education funds, but the program developed is unlikely to have any utility outside of the immediate context of the project.

- A second project sought to increase the awareness of job rights and responsibilities of a group of Asian-American women employed in the hotel, restaurant, and garment industries in Oakland, California. Again, while the program may have been helpful to the participating women, its significance as a national effort is questionable.

The report found that the WEEA program has increasingly funded projects such as these, which are of no more than local importance. This may be because the program does not receive sufficient high-quality proposals for nationally significant efforts.

Question: How successful is this program compared with other Department of Education programs with similar goals?

Answer: Again, the lack of formal evaluation findings on WEEA projects makes its difficult to compare their effectiveness to the effectiveness of other programs.

In examining the context of the WEEA program, the author of the new report found that, although the program may have addressed an unmet need when it was first authorized in 1972, a number of other Federal authorities now support sex equity activities and, as such, duplicate WEEA. For example:

- Under the Carl D. Perkins Vocational Education Act, enacted in 1984, funds are earmarked for programs to assist single parents and homemakers, programs to eliminate sex bias and stereotyping, and support of State sex equity coordinators. In combination these activities are funded at over $86 million in 1986.

- The Training and Advisory Services program authorized by Title IV of the Civil Rights Act provides about $8 million annually to State educational agencies and desegregation assistance centers to work with local educational agencies on sex equity issues.

- Such agencies as the National Institute of Education and the National Science Foundation have devoted major resources to sex equity-related activities.

With so many other things going on, a small categorical program to support women's educational equity is no longer needed.

Question: What Department of Education programs do a better job of promoting educational equity?

Answer: As stated earlier, the Women's Educational Equity program has come to duplicate the sex equity-related activities carried out under such Department of Education programs as Vocational Education and Training and Advisory Services, as well as Chapter 2, Science and Mathematics Education, Special Education, the Fund for the Improvement of Postsecondary Education, and programs in the Office of Educational Research and Improvement. Other agencies, such as the National Science Foundation and the National Endowment for the Humanities have also carried out projects specifically focused on the needs and concerns of women. Because WEEA projects have rarely included any rigorous evaluation of their efforts, it is impossible to determine if they are more or less effective than the other Federal activities. Yet it is clear that a distinct, categorical program for women's educational equity is no longer needed.

Question: Are any aspects of the WEEA program worthy of continued Federal support?

Answer: There is no reason to continue WEEA as a categorical activity. As new sex equity issues arise at the Federal level, the Department will be able to address them through the Chapter 2 Secretary's Discretionary Fund, the vocational education discretionary funds, or other sources. States and localities may use Chapter 2 Block Grant funds to deal with sex equity concerns at the State and local levels.

Question: After reviewing this report, do you believe that the program should be modified to address changing needs in educational equity or do you simply feel that it should be eliminiated?

Answer: We believe that the program should be eliminated. The independent study of the program concluded that:

> In general, the findings from this study raise serious questions about the continuing need for the WEEA program. The projects are increasingly locally focused; many are intended mainly to provide services or effect changes in a particular school district or institution. New types of projects are not showing up in the general priority areas, and other Federal programs are also addressing the same concerns funded in all of the current priority areas. The program has not been able to ensure that projects are well evaluated; materials and models which have been produced for national dissemination are of uncertain quality.
>
> Consideration should be given to phasing out the program.

At a time of major budget deficits and many other demands for Federal resources, a program of such marginal significance that duplicates other activities should be terminated.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

TEACHER TRAINING AND IMPROVEMENT ACT

Question: The Administration is requesting $60 million for grants to States for teacher training. With so little funding available, how do you justify eliminating the focus on academic disciplines with the greatest need for new teachers?

Answer: Although the Teacher Training and Improvement Act would make funds available for the improvement of teaching in all subject areas, funding under the Act would in fact be more carefully targeted than is the case under the current Science and Mathematics authority. Under Science and Mathematics, 49 percent of all State funds are distributed by formula to local educational agencies (LEAs). Even in 1985, when the program was funded at $100 million, the great majority of LEAs received only a few thousand dollars, hardly enough to undertake any kind of teacher training effort. By comparison, the Teacher Training and Improvement Act would permit States to distribute all of their funds on a competitive basis for projects in subject areas where the State's training and improvement needs are greatest. This would permit States to concentrate resources on a limited number of projects in high-priority areas.

In addition, the Teacher Training program would reduce the paperwork requirements under the current Act. This would permit more funds to be used for actual program services. Finally, our budget includes $15 million -- 20 percent of the Teacher Training request -- for national discretionary projects. With these funds the Department will develop an array of exemplary teacher training, improvement, and retention models that can be disseminated to and adopted by the States. It is often more efficient to undertake this developmental work at the national level than to distribute the money to the States, who would be less likely to produce nationally significant models and materials.

Question: Is there a shortage in other fields besides math and science? If so, what are they? How serious is the shortage?

Answer: A 1983-84 survey of teacher demand and shortage by the National Center for Education Statistics indicated that teacher shortages existed in a number of subject areas. The largest shortages reported, relative to the number of teachers in the field, were in bilingual education, special education, physics, and computer science. The number of shortages per thousand teachers in these fields ranged from 3.7 to 8.8. Other subject areas where more than two shortages per thousand teachers were reported included art, basic skills and remedial education, music, and "other secondary education." In other science and math fields, the ratio was 1.8 per thousand in mathematics, 1.7 per thousand in chemistry, 1.7 per thousand in biology, and 1.4 per thousand in general and other sciences -- all close to the total of 1.6 shortages per thousand teachers for all fields combined.

These data should be used with caution, because they were drawn from a limited sample of districts. The overall percentages also obscure the variations in shortages among types of districts and regions in the country. (The largest shortages seem to be in the West, in large districts, and in central cities, the smallest in the Northeast and in smaller districts.) The Center for Statistics has contracted with the Rand Corporation for development of a new survey and model to predict teacher shortages by fields. Data from this effort will be available within the next few years.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

CHAPTER 2 BLOCK GRANT -- ADMINISTRATIVE COSTS

Question: According to the budget justifications under the Chapter 2 education block grant program, the "administrative burden has either been reduced from what it was under the antecedent program or -- where it was previously low -- remained the same." The General Accounting Office has recently questioned the Department's ability to compare such expenditures across 50 States in light of any uniform cost data. How can you compare administrative costs under this program without uniform cost reporting? Is the Department doing anything to encourage this? If not, why not?

Answer: The comparison of administrative burden referred to above came from a recent national study conducted for the Department by SRI International of local operations under the Chapter 2 program. The researchers conducted a mail survey of a nationally representative sample of nearly 1,600 school districts. It did not make comparisons across States. The term "administrative burden," in the context of the study, referred to administrators' perceived burden in conducting such tasks as applying for funds, accounting for expenditures, reporting to State and Federal agencies, evaluating the use of funds, administering services for private school students, performing needs assessments, planning for programs and purchases, supervising programs or purchases, and consulting with parents or other community members. Administrative burden, as reported in the study, was not expressed in terms of expenditures of funds and is to be distinguished from adminsitrative costs. Also, it is important to recognize that the General Accounting Office was referring to State-level adminstrative costs, while the SRI study looked only at the local level. Although there are difficulties in obtaining uniform cost data for all State-level Chapter 2 expenditures, the Department does have uniform figures, based on on-site reviews of all the States, on how much the States spend to administer Chapter 2 at the State level.

CHAPTER 2 BLOCK GRANT -- PRIVATE SCHOOL PARTICIPATION

Question: The latest Annual Evaluation Report indicates that "the Department lacks good information on how -- or whether -- local education agencies are fulfilling their responsibility to ensure private schools' nondiscriminatory practices for Chapter 2 supported activities." Tell us what's being done to correct this.

Answer: In February 1985, the Department contracted with the Education Analysis Center for State and Local Grants for a study of State and local administrative oversight of Chapter 2 services provided to students attending private schools. That study, completed in September 1985, indicated that local educational agencies (LEAs) use a variety of methods to ensure private schools' nondiscriminatory practices when determining the eligibility of such schools to have their students served under Chapter 2. For example, some LEAs receive a list of eligible schools from their State educational agency and assume that schools on the list meet the non-discrimination eligibility requirements. Other LEAs require private school officials to sign assurances that their schools do not discriminate. Some LEAs require evidence of schools' compliance with civil rights laws from the Department's Office for Civil Rights. Still other LEAs provide private schools with an extensive checklist on eligibility for Chapter 2, depending, in part, on the Internal Revenue Service form for "Annual Certification of Racial Nondiscrimination for a Private School Exempt from Federal Income Tax" as evidence that they do not discriminate.

CHAPTER 2 BLOCK GRANT -- PARENTAL INVOLVEMENT

Question: Dr. Davenport, apparently the Chapter 2 Block Grant Program is successfully achieving four of its five legislative goals, according to preliminary results from a recent national assessment. The fifth goal, however, increasing parental involvement in the decision-making process at the local level, does not appear to be happening. Do you have any data which might explain this?

Answer: When asked this question by researchers undertaking the recent national study, Chapter 2 district coordinators most frequently responded that Chapter 2 award amounts were too small to evoke much public interest. Also, in most districts, Chapter 2 coordinators felt that the public is satisfied with the district's Chapter 2 programs and presumably would have no special interest in becoming involved. Two other factors -- the fact that program goals did not change with the shift to the block grant and a lack of public interest or awareness -- were seen as important in approximately a third of all districts. These explanations apply differently to districts of different sizes. The explanation that the award amount was too small applies more frequently to smaller districts. Larger districts are more likely to identify a lack of change in program goals or general citizen satisfation as explanations for patterns of parent involvement. A surprisingly large proportion (14 percent) of all districts admitted their own lack of effort to encourage public involvement. These districts indicated that they did not believe parental involvement would be helpful, that it would be more effort than it was worth, that it would raise community expectations unrealistically, or that it would be difficult to do.

Although there was little evidence that parents directly influenced Chapter 2 decisions, they do appear to have some indirect influence. Community preferences, for example, appear to be a major decisionmaking factor in approximately a quarter of all districts -- particularly in large suburban ones, where more money is involved. For the most part, districts tend to rely on school board meetings, existing advisory groups, or Parent Teacher Association meetings to satisfy the requirement that parents be systematically consulted about the use of Chapter 2 funds.

LAW-RELATED EDUCATION

Question: Dr. Davenport, one of the project activities included under the Law-Related Education program is "alternative programs to help solve juvenile behavior problems". Do you have any studies which suggest that students exposed to law-related education are less likely than others to engage in delinquent behavior? Can you tell us about some of these studies?

Answer: A study conducted between 1982 and 1984 by the Social Science Education Consortium and the Center for Action Research of Boulder, Colorado, funded by the Office of Juvenile Justice and Delinquency Prevention (Department of Justice), identified several factors differentiating law-related education classes that showed reductions in delinquent behavior by students. The classes that had reduced delinquency were characterized by: (1) extensive use of well-prepared community professionals in the law-related education courses; (2) use of teaching strategies that encouraged young people to work together; (3) selection of case materials to illustrate both the strong points and shortcomings of the U.S. legal system; (4) adequate quality of instruction; (5) support for the program by school administrators; and (6) opportunities for teachers to work together in planning their programs.

COMPACT OF FREE ASSOCIATION

Question: Dr. Davenport, page 113 of the justifications contains a footnote concerning the "Compact of Free Association". What is the Compact of Free Association?

Answer: The Compact of Free Association is an agreement that ends the trust relationship between the United States and the governments of the Federated States of Micronesia and the Marshall Islands, originally established in 1947 under the International Trusteeship System of the United Nations. (Until now, Micronesia and the Marshall Islands were part of the Trust Territory of the Pacific Islands, which also includes other entities.) The new relationship between the United States and the two governments is established in the Compact, and includes a commitment by the U.S. to provide financial assistance for a variety of purposes, including education. This Compact was enacted in January 1986, but must still be approved by the United Nations. The Republic of Palau, also part of the Trust Territory of the Pacific Islands, approved a separate Compact of Free Association in January of this year. The Palau Compact is awaiting congressional action and U.N. approval.

The Marshall Islands, the Federated States of Micronesia and Palau currently receive allocations from almost all education State grant programs. Upon adoption of the Compacts, these territories will receive financial assistance only through the Department of the Interior. The role of the Department of Education will be to provide technical assistance to Interior upon request.

QUESTION SUBMITTED BY SENATOR DANIEL K. INOUYE

NATIVE HAWAIIANS

Question: Mr. Secretary, you have recently announced that you are planning to fund several "gifted and talented" initiatives during this fiscal year. I was pleased to learn of your decision and would hope that at least one such project would be targeted toward gifted and talented Native American children, such as Native Hawaiians. Your predecessor's report "A Nation at Risk" stated that over half of the population of gifted students did not match their tested ability with comparable achievement in school and further pointed out that there was a severe shortage of teachers trained to teach these individuals. I fully expect that this is especially the case within the Native American community.

Answer: We will soon announce the deadline for applications for the Secretary's Discretionary Fund field-initiated grants competition. Applications which deal with gifted and talented education for Native American children, and which are responsive to the Federal Register notice for the competition, would be eligible. If, after outside review, one or more of the applications proved competitive, we would consider them for funding.

You should also know that we will shortly begin the first part of a study of gifted and talented education with funds set aside for research and evaluation under Title II of the Education for Economic Security Act. We plan to pay special attention in the study to the resources or programs available to academically gifted children residing in inner cities or areas with high concentrations of poverty, including Native Americans.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

IMPACT AID

ORIGINAL 1987 REQUEST FOR IMPACT AID

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Impact Aid was $581.6 million. The final President's Budget of $548.0 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

DISASTER ASSISTANCE

Question: You have requested $5 million for disaster assistance, to enable school districts to make repairs or provide temporary facilities to replace those destroyed. For the past several years, you have requested, and we have appropriated, $10 million. There is now a supplemental pending in the House which would add $20 million for 1986, in view of the recent flood disasters in West Virginia, California, in the South and elsewhere. Do you believe this $20 million will be adequate to cover the requests you have on hand which appear to qualify?

Answer: The President's 1987 request for Disaster Assistance is $10 million, not $5 million. For 1986, applications submitted and funds requested are unusually high. Funds carried over from 1985 and funds appropriated for 1986 were all committed by January 1986, yet there were still applications pending for which funds were needed. To provide funds for those applications, the Department transferred $20 million from the College Housing Loans account. We believe these funds will be sufficient to cover disaster claims through the remainder of the fiscal year. The pending supplemental appropriation for this program is not necessary.

Question: It appears that you are looking at the College Housing Loans funds to pay some of these grants for disaster assistance. Do you plan to reimburse the College Housing Loans funds for amounts disbursed for disaster aid?

Answer: We do not intend to replace these funds this year because adequate funds remain in the College Housing Loans account to meet all 1986 expenses for that program.

SECTION 6 SCHOOLS

Question: On November 12, the Defense Department announced its plan to transfer the 18 schools located on military bases nationwide to the local school districts no later than July 1, 1990. The Department of Defense now budgets $109 million for these schools. It appears that local education agencies would be expected to absorb the cost of educating these students and running these schools. Are you negotiating with the Defense Department with regard to who will pick up the funding for these schools?

Answer: In the Military Construction Act of 1986, enacted in December 1985, the Congress directed the Department of Defense to submit a plan for transferring Section 6 schools to local educational agencies by 1990. By law, if these children attend public schools, their school districts are eligible to apply for Section 3 payments to provide a portion of the cost of their education. In addition, the districts would receive State education funds for these children. A combination of Federal, State, and local funds would make up the full cost of their education.

FUNDING FOR SCHOOL CONSTRUCTION ACTIVITIES

Question: You have requested $5 million for the school construction program under P.L. 81-815 for 1987, about $12 million less than was available for school construction activities in 1986.

It is our understanding that there is a significant backlog of requests for funding for school construction projects. Why would you reduce the request for construction funds when the need is apparently still very great?

Answer: The 1987 request for Construction funding is lower than the amount available for 1986 because of the need to reduce and control the Federal deficit.

Question: You indicate in your budget proposal that applicants under sections 14(a) and 14(b) (for grants to school districts that serve large numbers of Indian children or contain large areas of Indian lands) have the greatest need for new or additional school facilities. You indicate that school construction projects under other sections will have to be postponed until the Federal deficit is under control. What does the current backlog of requests for funding of school construction projects total under sections 14(a) and 14(b)?

Answer: There are currently on file 94 applications for construction projects under Sections 14(a) and (b) requiring an estimated total of $209.3 million.

Question: How does that total compare to the backlog of requests for funding of school construction projects under sections 10, 5 and 14(c)?

Answer: There is no actual backlog for Section 10 funding. For Sections 5 and 14(c), there are currently pending applications for 113 projects which are estimated to require $79 million.

ELIMINATION OF PAYMENTS FOR "b" CHILDREN

Question: Your 1987 budget request proposes to terminate Impact Aid payments on behalf of 3(b) students because, according to the Department, the presence of these children poses no significant burden on most local school districts. Why do you propose that school districts with several thousand 3(b) military children should absorb the costs of educating these children?

Answer: Military "b" children live on private, taxable property. Local revenues raised for education expenditures generally come from local property taxes. The presence of these children in their districts does not reduce local revenues for education costs. Further, military installations bring new businesses into a community and there is generally a net increase in local revenues from all sources. Even in districts that have large numbers of "b" children, they frequently make up a relatively small proportion of the total enrollment.

APPLICATION OF GRAMM-RUDMAN-HOLLINGS REDUCTIONS

Question: Under the Gramm Rudman Hollings law, how will the automatic spending reduction of 4.3 percent be applied to each of the types of Impact Aid recipients under section 3 in fiscal year 1986?

Answer: Under Section 3, with two exceptions, all payments will be reduced by 4.3 percent. These exceptions are the additional payments provided to districts eligible under Section 3(d)(2)(B) and payments under Section 3(a) to districts that are coterminous with military installations and are not eligible for Section 3(d)(2)(B) funding.

EFFECTS OF TRANSFER OF SECTION 6 SCHOOLS

Question: The Military Construction Act of 1986 directs the Department of Defense to develop a plan for the orderly transfer of section 6 schools by July 1, 1990, to the appropriate local school districts of the States in which such schools are located. You indicate that the proposed termination of all section 6 arrangements would result in approximately 30,000 additional children becoming eligible for section 3 payments. Please provide an estimate of what the effects would be of this eligibility increase on the distribution of section 3 payments under both current law and your proposed distribution formula for allocating section 3 payments.

Answer: Without knowing which school districts these children would be enrolled in and when they would transfer to those districts, these estimates cannot be projected.

Question: How much is the Department of Defense now spending for the support of section 6 schools?

Answer: For fiscal year 1985, the Department of Defense spent $109.4 million to operate these schools and obligated an additional $52.3 million for construction projects. For fiscal year 1986, DoD is projecting operating expenditures of $123.5 million and $29.0 million for construction activities.

Question: Would any of these Department of Defense funds be transferred to the local school districts or States that would be affected by the proposed transfer of section 6 schools?

Answer: There does not appear to be any legal authority for these funds to be transferred to school districts or States.

Question: What issues must be resolved before an orderly transfer of the section 6 schools can be achieved?

Answer: Among the issues that must be addressed to allow an orderly transfer of Section 6 schools are the determination of which school districts will assume responsibility for the children currently attending Section 6 schools, whether the Section 6 school buildings will be available to the districts, whether the children currently attending the Section 6 schools will continue to be enrolled in the same school buildings, and the resolution of differences in salary scales and pension plans for current Section 6 teachers and LEA teachers. These are only part of the array of issues that must be considered.

Questions Submitted by Senator Quentin N. Burdick

PROPOSAL TO ELIMINATE "b" PAYMENTS

Question: The President has again requested no funding for the Impact Aid Part B students. Public Law 81-874 states that "the Congress declares it to be the policy of the United States to provide financial assistance for those local educational agencies upon which the United States has placed financial burden by reason of the fact that:

(1) revenue sources have been reduced as the result of the acquisition of real property by the United States; or

(2) such agencies provide education for children residing on Federal (or Indian) property; or

(3) such agencies provide education for children whose parents are employed on Federal property; or

(4) there has been a sudden and substantial increase in school attendance as the result of Federal activities."

That is the law. Is the Administration planning to submit legislation that would countermand Public Law 81-874?

Answer: Yes, we have submitted a number of proposed amendments to P.L. 81-874 that would provide the authorizing legislation for our budget proposal.

Question: Does the President feel, or do you in the Department of Education feel, there is no longer a Federal commitment to provide financial assistance to school districts that are impacted by Federal activity?

Answer: No, we believe there is still a Federal responsibility to provide assistance to school districts that are burdened by the effects of Federal activities. However, some of the payments provided under this program are made on behalf of children who do not represent burdens to their districts. The budget proposal would eliminate these payments.

Question: What, in your opinion, should be the Federal Government's commitment to the education of these children?

Answer: We believe Impact Aid payments should be provided for children who represent a genuine financial burden to their districts.

Question: I understand that the Administration does not want to provide Impact Aid assistance to school districts that would receive a payment of less than $5,000. In my home State of North Dakota, if we followed your suggestion and did not award anything to the districts that would get less than $5,000, and if we did not pay anything for the "b's," 17 of the 28 schools that received some Impact Aid funds last year would get nothing. Has the Department done any projections to determine how many schools would have to close if they did not receive Impact Aid?

Answer: We do not believe any school districts would have to close if they did not receive Impact Aid funds. Many districts receive minimal payments from this program and do not plan for them when they prepare their budgets. Others have been able to reduce their local tax rates because of the high level of these payments. Such districts could increase their tax rates by very low amounts or reduce their expenditures, or both.

SUBCOMMITTEE RECESS

Senator WEICKER. The subcommittee will now stand in recess until tomorrow, Friday, April 11, when we will meet for a special hearing on the impact of budget cuts on biomedical research.

[Whereupon, at 11:26 a.m., Thursday, April 10, the subcommittee was recessed, to reconvene at 9 a.m., Friday, April 11.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

TUESDAY, APRIL 15, 1986

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, DC.

The subcommittee met at 9:30 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Proxmire, and Inouye.

DEPARTMENT OF EDUCATION

Education for the Handicapped

STATEMENT OF MADELEINE C. WILL, ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES

ACCOMPANIED BY CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

OPENING REMARKS

Senator **Weicker**. The subcommittee will come to order.

This morning we will hear from Madeleine Will, the Assistant Secretary for Special Education and Rehabilitation Services.

Why don't we begin with the "Education for the handicapped" account, and then go to the "Rehabilitation services and handicapped research" account after we have finished the handicapped questions.

Your statements, in their entirety, will be included in the record. Please proceed as you wish.

Ms. **Will**. Senator, with me I have Carol Cichowski from the Department of Education's Office of Planning, Budget and Evaluation.

Mr. Chairman, and members of the committee, we appreciate the opportunity to present the 1987 and revised 1986 budget requests for education for the handicapped. The 1987 request of $1.3 billion includes $1.17 billion for State grants to provide financial assistance to States in educating the handicapped children for whom they are responsible under the Education of the Handicapped Act, and $137 million for special purpose funds which support a wide variety of Federal grant and contract activities directed at improving the education of handicapped children. The 1986 revised requests of $1.16 billion for State grants and $142 million for special purpose funds are about the same as the original 1986 requests for these programs.

The 1987 request for State grants maintains funding for the Handicapped State Grant Program at the revised 1986 and 1985 appropriation level, while increasing support under the Preschool Incentive Grants Program. Most of the special purpose fund programs will be maintained at their 1985 levels of funding. Significant changes in funding are proposed for only three special purpose fund activities.

The proposed levels for education for the handicapped will allow us to continue support for the basic needs addressed by these programs, while also addressing the need to restrain Federal spending and control the deficit.

STATE GRANTS

We are requesting $1.14 billion for the Handicapped State Grant Program in 1986 and 1987 to assist States in serving about 4.2 million handicapped children. Our request would provide an average Federal contribution of about $275 per child in 1986 and $273 per child in 1987. The request will cover about 7 percent of the average excess cost associated with educating handicapped children.

For preschool incentive grants, a 1987 increase of over $2 million from the 1986 postsequestration amount is requested, for a total of $31 million. This increase is intended to encourage States to expand preschool services and thus enhance the educational opportunities for very young disabled children to achieve their full potential. States may use these funds to increase services to children already being served or to serve additional children in the birth-through-2 age range.

Together, these two formula grant programs, which are authorized by part B of the Education of the Handicapped Act, constitute about 90 percent of our budget request.

SPECIAL PURPOSE FUNDS

Our 1987 request for special purpose funds programs for the handicapped is $137 million, compared with a revised request of $142 million for 1986 and an appropriation of $157 million for 1985. Eight of the eleven programs in this area would be maintained in 1986 and 1987 at roughly their 1985 levels. Three programs are proposed for reductions: Deaf-blind centers, special studies, and special education personnel development.

DEAF-BLIND CENTERS

The 1987 proposed level of $9 million for deaf-blind centers is $3 million less than the revised 1986 request of $12 million and $6 million less than the 1985 level of $15 million. In accordance with the Education of the Handicapped Act Amendments of 1983, this program has shifted away from direct services toward providing technical assistance to States and service providers.

Funding for deaf-blind centers' direct services has been declining since 1983 as the States have assumed a greater role in serving children for whom they are responsible. Offsetting increases have been made for demonstration projects in various priority areas aimed at improving educational programs for deaf-blind children.

The 1986 decrease represents the last stage in the phase down of funding for centers for direct services to children whom the States are required to serve. Under the 1987 request, funding for demonstration projects would be reduced because of the weak response from the field to the demonstration competitions in the deaf-blind program over the past several years. There are not enough high quality demonstration applications submitted for this very small population to support the current level. Funding for direct services and technical assistance to States in 1987 would remain at about the same level as in 1986.

SPECIAL STUDIES

We are requesting $2 million for the Special Studies Program in 1987. This is a reduction of $200,000 below the 1986 revised request and $1.2 million below the 1985 appropriation. We believe that this level of funding will support a strong program of evaluations, studies, and data analysis. All studies necessary to carry out the Department's requirements for evaluation will be continued, including a longitudinal study of children leaving special education, a study of Federal, State, and local special education expenditures, and a study of day and residential facilities.

SPECIAL EDUCATION PERSONNEL DEVELOPMENT

For the Special Education Personnel Development Program, we are requesting $48 million for 1987, compared with a 1986 revised level of $50 million and a 1985 appropriation of $61 million. The available data on personnel shortages do not support a need for a higher budget for this program. It is very difficult to focus resources on areas of personnel shortages due to a lack of information and understanding about the cause of shortages. Many teachers who become certified to teach in special education do not teach in that field.

Additional support for training programs will not necessarily alleviate these shortages when numerous factors other than supply enter into the picture. We are working to better identify what constitutes a shortage of personnel, how to identify a shortage, and how to focus resources in a way that will relieve the shortage.

SEVERELY HANDICAPPED PROJECTS

For severely handicapped projects, $4.3 million is requested for 1987, the same as the revised 1986 request and the 1985 appropriation. These projects support demonstration, research, and training activities aimed at improving educational programs for severely handicapped children and youth. Grants are awarded in areas such as least restrictive environment, parental involvement, and supported work.

EARLY CHILDHOOD EDUCATION

We are requesting $22.5 million for the Early Childhood Education Program in 1987, the same as the revised 1986 request and the 1985 appropriation. Program objectives in 1987 are to improve community involvement and interagency planning for preschool services at the State and local levels; to facilitate the entry of young handicapped children into regular classrooms; and to provide inservice training for personnel involved in serving these children.

In addition, 30 percent of the early childhood program funds will support State planning, development, and implementation grants in accordance with the Education of the Handicapped Act Amendments of 1983.

SECONDARY AND TRANSITIONAL SERVICES

The requested level for the Secondary and Transitional Services Program is $6.3 million, slightly more than the revised 1986 request but the same as the 1985 appropriation. These funds will allow us to continue our efforts in improving the ability of older handicapped children to attain the skills necessary to live in the world of adults.

Funds will support research and demonstration projects, including projects which encourage cooperative planning by public agencies at the State and local levels. In addition, two long-term projects studying intervention effectiveness and demographics will be continued.

POSTSECONDARY PROGRAMS

For the postsecondary programs, $5.3 million is requested, about the same level as the revised 1986 request and the same as the 1985 appropriation. Of this amount, $2 million will be used for the continued support of four institutions serving deaf students. Remaining funds will support new and continuing demonstration projects aimed at improving educational programs for postsecondary-age handicapped students.

INNOVATION AND DEVELOPMENT

For the Innovation and Development Program, we are requesting $16 million, a small increase over the revised 1986 request level and the 1985 appropriation. New funding priorities will include developing and improving intervention strategies for seriously emotionally disturbed children and youth, and examining ways of better serving handicapped children in regular classroom settings. Field initiated and student research projects would also be supported in 1987.

MEDIA SERVICES AND CAPTIONED FILMS

The request for $16.5 million for media services and captioned films is slightly above the revised 1986 request and the 1985 appropriation. The majority of funds in this program support captioning activities, including educational and general interest films, television news, and general programming. Our request also supports research and development aimed at making educational technology useful in educating handicapped children.

RECRUITMENT AND INFORMATION

We propose to maintain the Recruitment and Information Program at just over $1 million, the same as the revised 1986 request and the 1985 appropriation. This program supports two national clearinghouses required under the Education of the Handicapped Act that deal with the recruitment of educational personnel and dissemination of information concerning educational opportunities for the handicapped. New awards will be made in 1987 to continue these clearinghouses.

REGIONAL RESOURCE CENTERS

Finally, we are proposing to maintain the regional resource centers at the revised 1986 request level and 1985 appropriation level of $6 million. Consistent with the amendments of 1983, the objectives of these centers will continue to be the provision of technical assistance to States for capacity building, educational programming and special education administration.

Thank you, Mr. Chairman and members. I will be pleased to answer any questions you have.

MAINTAINING SUPPORT

Senator WEICKER. The Department's budget summary for the Education of the Handicapped program describes the proposal to fund basic State grants in 1987 at the 1985 appropriated level, which is a full $80 million below the 1986 appropriated level, and the description reads as follows:

"Maintaining this program at the 1985 level demonstrates the administration's commitment to assisting the States in providing services to handicapped children."

Maybe you can explain to me the contradiction between the rhetoric and the funding. I would like to know how maintaining programs at the 1985 level demonstrates the administration's commitment. Maybe I should ask what the administration's commitment is, maybe that might better define the maintenance of the programs at the 1985 levels. Maybe the commitment is no commitment. If that is the case, then I suppose the statement makes sense.

I don't understand the funding vis-a-vis the rhetoric, and maybe you can clear it up for me.

Ms. WILL. The administration's commitment to this program is substantial. Our intent is to create opportunities for handicapped students, and handicapped individuals. Our budget request is an attempt to try to do that. However, we are operating within budget constraints. Therefore, we are recommending levels that maintain the 1985 appropriation level.

Education of the handicapped is primarily financed by the States and localities which provide over 96 percent of the funding. Our 1987 budget request, in terms of per capita decrease, amounts to a $2 decrease, compared with the revised 1986 level, which we think will have only a very slight impact in the provision of direct services, and the overall provision of services in the program.

CHILD COUNTS

Senator WEICKER. If we are going to go at the 1985 level, don't you think that we ought to stick to the 1985 level as far as the numbers are concerned? I am talking now about those to be served; are 1985 numbers less than the 1987 numbers?

Ms. WILL. The child count has grown slightly in the past 2 years. It is not growing as dramatically as it did after the initial passage of the act. The learning disabled count, which had been growing rapidly from year to year, is now beginning to, we think, stabilize.

We are actually seeing a decrease in the counts in the areas of mentally retarded, severely emotionally disturbed, and several other areas.

MAINTAINING SUPPORT

Senator WEICKER. By the Department's own estimate, $1.239 billion would be needed in 1987 to maintain the State grant program at the 1985 level, a full $104 million more than the amount being proposed.

How do we maintain it if, indeed, by the Department's own figures, $104 million would be required to maintain? Maybe maintain is the wrong word; maybe the word "cut" should have been used here.

Ms. WILL. I think the question is whether or not the States are able to deliver high quality services to all handicapped students on a year-to-year basis. They are charged with that responsibility, and we have no evidence through our monitoring efforts, and our reviews of complaints and due process, to suggest that there is an inability to deliver these services.

Senator WEICKER. The Secretary of Education was recently quoted as saying that the Reagan administration has "held special education safe from any cuts at all." Do you think that that is a correct statement?

Ms. WILL. I think that it depends on the use of words. I think that the administration's position is that it has maintained and it is seeking to maintain the provision of services to handicapped youngsters.

Senator WEICKER. That is not what I am contesting. I am directly quoting from Mr. Bennett. He made the statement that the Reagan administration has "held special education safe from any cuts at all."

PROPOSED RESCISSIONS

Ms. WILL. We have proposed rescissions, but Congress has not yet determined whether those will be implemented or not.

Senator WEICKER. I can answer that. Don't hold your breath on that. Today is the expiration date, isn't it?

Ms. WILL. Yes.

Senator WEICKER. We have a very busy schedule today, and I don't know how I am going to get around to that one.

DIRECTOR OF SPECIAL EDUCATION PROGRAMS

As we have discussed in the past, the position of Director of Special Education Programs has been vacant or filled with an Acting Director for the past 4 years. As I indicated in my February 19 letter to you, it is difficult for me to view this continued delay in filling this vacancy as anything other than one more display of the administration's lack of commitment to education programs for handicapped children.

Have you filled the position of Director of Special Education?

Ms. WILL. No; but I am pleased that you have asked the question so I can provide you with an update on the status of the process of filling the special education programs directorship. The announcement vacancy closed last Friday. I believe that roughly 30 applications were received. A panel will be established, and in the next 2 weeks, we will screen applications. Following that, interviews will be held, and then a selection will be made at the end of May.

Senator WEICKER. I noticed, in the advertisement for the position, it advertises for a Director, Office of Special Education. The amendments, I believe, call for the level of Deputy Assistant Secretary. How do you explain that disparity?

Ms. WILL. At the time of the preparation of the announcement, I thought that it was very important to use the term "director." We have a director in the National Institute of Handicapped Research, and a Commissioner in the Rehabilitation Services Administration. We have an immediate Deputy Assistant Secretary. I was concerned about any confusion that might result in using the term "Deputy Assistant Secretary for Special Education."

I consulted with general counsel about this matter, who indicated that it was appropriate to advertise the position as Director as long as the rank of Deputy Assistant Secretary for Special Education was maintained, and that it was clear that that person would report to the Assistant Secretary.

COST OF EDUCATION FOR THE HANDICAPPED CHILD

Senator WEICKER. Another aspect of the problem that bothers me, aside from a slight increase in the population that you serve, is the fact that, of course, the education costs per child are going up, also, since 1985. Is that not correct?

Ms. WILL. They may have gone up slightly. The cost of educating a handicapped child is 2.17 times the expense of educating a nonhandicapped child. For 1986, the total cost is about $7,100, and $3,800 of that constitutes the excess costs.

Senator WEICKER. The figures I have, are that the excess cost per child in 1984 was $3,347, in 1985, it was $3,611, and in 1986, it is $3,824. The estimate for 1987 is $3,958. That is no small increase, that is roughly $600 over, or about a one-fifth increase.

Actually, doing it fairly from the 1985 level to 1987, it is about a $300 increase between 1985 and 1987. The percentage of the average excess cost will be 7.6 percent in 1985, 7.4 percent in 1986, and 6.9 percent in 1987.

I don't want to get into philosophical debates, I really don't. I am just going to rely on the figures. You tell me how those figures jibe with these statements, and I am quoting from either your statement or Bennett's statement. How do those figures jibe?

Ms. WILL. For the past few years, we have been providing around 7 percent of the excess costs.

Senator WEICKER. Do you mind telling me what the statute calls for?

Ms. WILL. We are authorized to provide up to 40 percent of the average per pupil expenditure for all children. That is about 34 percent of excess cost.

Senator WEICKER. Up to 40 percent, that is not a bad thing. I couldn't agree with you more.

Ms. WILL. But, the fact remains that the Federal dollars are not the primary source of funding for the program, and I don't think that Federal dollars in this program have the impact that Federal dollars have in programs where they represent the primary source of funding.

Senator WEICKER. I remember the appearance—do we have the quote—of Mr. whatever-his-name was, of the Harris Co., who sat before my committee, and said, in his opinion, no Federal program had the success that the Federal dollars had as the spending on the handicapped. He hadn't seen anything, and I don't think that anybody else has either, so effective as the dollars spent in these Federal programs for the handicapped. You wouldn't agree with that?

Ms. WILL. I think the programs are enormously successful, but the bulk of the funds comes from State and local levels.

STATE AND LOCAL FUNDING

Senator WEICKER. Maybe you would like to tell us why the bulk of the funds come from the State and local levels. Why do you think that the bulk of the funds come from State and local levels?

Incidentally, I will say this to you, it is refreshing to hear you say that the bulk of the funds in education come from the State and local levels. I had to sit here with the Secretary giving me the impression that the bulk of the funds came from the Federal Government. You are absolutely correct, they do come from the State and the local level, and they always have. I will not argue that point.

Why do you think they do as it applies to the handicapped?

Ms. WILL. Because that is the way——

Senator WEICKER. Because that used to be the case before Public Law 94-142 came to pass?

Ms. WILL. No; I think that it is in part a philosophical decision. The act is structured in such a way that it gives primary responsibility for administration of the act to the States and localities. I think that it is an issue of the States and localities being closest to the program.

Senator WEICKER. That is not the question I asked, though. I asked: Do you think that these funds would have been available in the amounts that they are available were it not for Federal initiative coming through Public Law 94-142, and other initiatives of the Federal Government?

No kind of money like this used to be spent on the handicapped, I am sure that you will agree with that.

Ms. WILL. It is clear that there has been an increase in the commitment, but it would be wrong to say that people at the State and local level were not committed to serving handicapped youngsters prior to Public Law 94–142.

Senator WEICKER. I will say it.

Ms. WILL. Senator, there were States that had fairly comprehensive service delivery systems.

Senator WEICKER. There were some States that had services of which they could be proud, some States, but believe me, the status of the handicapped child in this country over 10 years ago, before the Federal Government got into this act, compared to what it is now, is something that we don't want to have as a part of our history. It was shameful.

I will say it. Is the new pitch of the administration that the Federal role now isn't necessary in order for us to maintain a high standard?

Ms. WILL. No; on the contrary.

Senator WEICKER. It certainly acts that way, both in terms of funding and in terms of we have no Director of Special Education. You can sweet-talk all the reasons you want, Madeleine, as to why we don't, but the fact is that we haven't had one for so darn long that it is a disgrace.

Let me say this also about the Federal dollars. It goes full circle. In my State of Connecticut, at the time of the passage of Public Law 94–142, I would say, their program was probably one of the best in the Nation, the best in the Nation, and now it is one of the worst. The only thing that is going to make it come back up again is the provisions of law which are being applied now by the Justice Department.

I don't understand. This is a new pitch coming from you, that is, it is really the job of the States and localities, when we know that the only way that the standard has been consistent and has been kept at a high level is by that pressure from the Federal Government in this area, otherwise these people are going to fall by the wayside. They don't have the political clout at either the local or the State level to get what the law grants them in terms of the Federal legislation.

Ninety-nine of the schools are normal children, and that is where the money goes, except when another scenario is demanded by the Federal law. Do you somehow feel that the Federal Government ought to get out of this?

Ms. WILL. No; absolutely not.

Senator WEICKER. Why not, you said that the State and local governments can go ahead and take care of it very well.

Ms. WILL. I said, they do.

Senator WEICKER. Then there is no necessity for us, is there?

Ms. WILL. No; there is a clear role for the Federal Government in the area of serving handicapped individuals, handicapped Americans. There are questions in technology and research where we lag in terms of basic knowledge. These questions have to continue to be explored, and Federal dollars are important in providing answers to those questions and issues.

PROPOSED SERVICE MANDATE TO BIRTH

Senator **Weicker**. Are you going to support the effort that was introduced yesterday into the Senate on the reauthorization of all handicapped children, to go ahead and bring that program to at birth?

Ms. **Will**. Senator, I am aware that you have been developing a proposal, but I haven't had a chance to examine that proposal.

Senator **Weicker**. It brings Public Law 94–142 to at birth, rather than 3 years of age. Do you think that it is worthwhile?

Ms. **Will**. I think that it is important, and I think we both would agree that services to youngsters in this age range are very important. I think that the slight increase that we recommended in terms of the Preschool Incentive Grants Program indicates to States that we think that there should be a priority on services at these age levels.

Senator **Weicker**. How much did you ask for in your increase?

Ms. **Will**. Just $2.3 million.

EARLY INTERVENTION COST AND EFFECTIVENESS

Senator **Weicker**. As I understand, I can be corrected by staff, or indeed by you, if I am wrong, to close the present loophole which exists in the law, if States don't have programs for those age 3 to 5, then they get out from underneath the requirements of Public Law 94–142. To close that loophole, to assure, in other words, that all children 3 to 5 have that education, it is going to cost $100 million. If you bring it back to zero, in other words, at birth, that is another $100 million. Basically, $200 million is the minimum cost of effective early intervention, unless there is a question in your mind that education at that age, and at an earlier age, is open to debate as to its effectiveness. Is there any question in your mind?

Ms. **Will**. No; there is not. It is cost effective, and it is terribly important in the short term and the long run. However, we have seen States respond very enthusiastically as they have moved to serve youngsters in the zero to 5 age range. We think that there is an incentive that the Preschool Incentive Grants Program is already providing. Between 1984 and 1985 we have seen in 1 year an increase from 243,000 to 260,000 children served. We have seen a willingness on the part of States to expand services to children in that age range.

Senator **Weicker**. Yes; but a willingness, really, when we know what the state of the art is, and apparently there is no dispute between you and me on that. We know what the state of the art is. Being a taxpayer, I really care to save some money. I don't want to spend money out in the future, which doesn't need to be spent with the application of a few dollars now, if we agree on the state of the art.

Ms. **Will**. Yes.

Senator **Weicker**. So why not get on with it?

Ms. **Will**. Because we need to restrain Federal spending to help control the deficit. Also, I have mentioned to you in the past that we think there are very legitimate questions which need to be resolved before States could undertake the kind of total services to the youngsters in this age range. Information about the numbers of children, about the kinds of services that would be delivered, about coordination between agencies and about funding streams at the local level. All these issues, we think, need further exploration.

COST OF EXPANDED MANDATE

Ms. CICHOWSKI. Senator, if I may interject, in our office, we are perplexed by your cost estimate of $200 million. We are not at all sure what data that is based on, in terms of either the 3- to 5-year olds, or the zero to 2-year olds.

Senator WEICKER. I know that the bill includes $100 million for both categories. Ms. Muilenburg of my staff can explain.

Ms. MUILENBURG. It is based on the incidence of children with disabilities in the general population, the cost of serving the child, and the basic State grant, and the additional funds that they get under the Preschool Incentive Grants Program, so the Federal Government will be paying the entire cost for the children from zero to 2.

Ms. WILL. One hundred percent of the cost of educating those children.

Ms. MUILENBURG. One hundred percent of the cost that we are currently providing for the 3- to 5-year old in the basic State Grant Program and the Preschool Incentive Grants Program.

Ms. CICHOWSKI. Are you presuming that the incidence is the same in that age group as 5 to 17?

Senator WEICKER. I think the answer is that you deserve a response on that score, and you will get one. Are your estimates lower?

Ms. CICHOWSKI. To the extent that we have tried to estimate, they appear to be lower, Senator Weicker.

Senator WEICKER. This is good news. I have no problem with that.

Ms. CICHOWSKI. My staff was surprised at your estimates of the funds you think are necessary.

Senator WEICKER. Look, I have a better chance of getting this through if the estimate is lower. Nobody is going to go ahead and argue that point. Indeed, if your staff and my staff have a disagreement, I think that they should sit down and let's all get on the same track as to what the numbers are. We will obviously have a better chance at passage if there is less money involved.

I am committed to these amendments and getting them through this year. I realize my task is made more difficult when I cite these figures, $100 million and $100 million.

BENEFITS OF PROPOSED "TO BIRTH" MANDATE

I want to get back to the point. I don't want this to land solely on your head, Madeleine, because I think that would be very unfair. When we talk about general budget, when we both agree on the state of the art, and then we come back and say, because of general budget constraints, we can't do this, we are, in effect, saying that *x* number of children are going to have their future jeopardized in order that the budget constraints may be satisfied. I will not accept that, and that is exactly what we are saying. I want the whole world to know, never mind Madeleine Will, what you are saying is *x* number of children will not receive this education which we know works, which we know will guarantee them a future in the mainstream of our society, but because of budget constraints, it has got to be postponed.

This is not a speculated result, I might add, as far as the kids are concerned, it is certain. This is not only going on, I might add, in special education, it applies to many other areas in science and health, and at least as far as I can control the situation, which isn't very much in terms of my own party, I am going to do everything I can to make certain that what we now know will be applied in order, No. 1, that these human beings have the chance, which is theirs by virtue of the state of the art of science and, No. 2, the money that we will save as taxpayers by instituting these changes now in the out-years.

EFFECTIVENESS OF FEDERAL SUPPORT

One further question before I turn to Senator Proxmire. Here is the quote that I was referring to earlier from Pumphrey Taylor of Lou Harris.

> Some of the news is obviously very good. Life for disabled Americans has improved dramatically in the last decade. A major reason for the improvement is the laws passed by the Federal Government. It is difficult to think of any other area where Federal legislation produced such strong and positive results.

I think that is a fact that we are not going to dispute.

REHABILITATION ACT SECTION 504 ENFORCEMENT

During a recent hearing on the reauthorization of the Rehabilitation Act, the chairman of the National Council on the Handicapped expressed concern over the implementation and enforcement of section 504. My staff has received numerous complaints over the lack of coordination on 504 enforcement between the Office of Special Education and the Office for Civil Rights. How do you respond to these allegations?

Ms. Will. Senator, about 1½ years ago, perhaps 2 years ago, there was concern about the status of the memorandum of understanding, which is basically an agreement of coordination between the Office for Civil Rights and the Office of Special Education and Rehabilitative Services. We have virtually completed the process of renegotiating that memorandum of understanding.

I think that it is important for you to be aware of the fact that the memorandum of understanding had never fallen into disuse. It wasn't broken. We were always coordinating with the Office for Civil Rights. We have, I think, improved that coordination effort since we began revising the memorandum of understanding. We share information on a regular basis, and I find it particularly useful that the Office for Civil Rights will do profiles for us on States prior to our initiating monitoring visits to State agencies. We even conduct joint site visits with the

Office for Civil Rights, and we are discussing possibilities for the delivery of joint technical assistance.

The reason that we haven't signed the memorandum of understanding is that it is not totally completed. We are expecting a new Assistant Secretary for the Office for Civil Rights, and we would like that person to have an opportunity to review all the work that has taken place up to this point.

Senator WEICKER. Senator Proxmire.

STATE COMPLIANCE

Senator PROXMIRE. Secretary Will, last year, you reported that most of the problems found in State compliance with Federal rules and regulations had to do with:

> The general supervision requirements of State education agencies, their capacity to monitor local education agencies, manage complaints and implement placement of students in a less restrictive environment.

Tell us what you have done over the past year to make States more responsive in these areas.

Ms. WILL. Yes; based on our monitoring, we have targeted these areas for technical assistance through the regional resource centers. Therefore, at the regional level, there is a technical assistance base available to the States. We have continued to emphasize those problem areas in our monitoring efforts, and we have funded demonstration projects to develop better models for the delivery of services to students in the least restrictive environment.

A problem that we have seen consistently since I last appeared before the committee is the implementation of the comprehensive system of personnel development requirement. The States need to, for themselves, determine what their needs are in terms of personnel, and they need to better coordinate with the Federal Government in terms of identifying priorities. That is an additional task that we have identified in the course of conducting the monitoring.

We see the States responding very well in terms of the corrective actions that we outline for them. I continue to see and believe that the States are developing a much more significant monitoring capability. I think that that is absolutely indispensible if we are going to raise the quality of services that we deliver to children at the State level.

We feel that the requirements are implemented, but we now have to really go back and zero in on some critical areas of need.

CLOSED CAPTIONING

Senator PROXMIRE. Neither the budget justification nor your statement breaks down the $16.5 million requested for media services and captioned films. How much do you plan to spend on closed captioned television services next year?

Ms. WILL. For the past 2 years, a large effort has gone into the development of the decoders. We had first a $1.5 million appropriation in 1985, and then a $1 million appropriation in 1986 to develop and subsidize new decoders. I think that now we have a supply of about 50,000 decoders available for deaf and hearing impaired individuals.

In addition to the development of the decoders, we have funds that we will continue to use for closed captioning of television programs and other kinds of programming. This is on-going.

TECHNOLOGY DEVELOPMENT

We also use our media services funds for technology. We have funded, for example, projects that develop microcomputers for use in the classroom, and help teachers to adapt communication devices in the classroom to integrate them into service delivery.

MEDIA SERVICES AND CAPTIONED FILMS REQUEST

Senator PROXMIRE. How does the $16.5 million you request for media service and captioned films compare with your current support?

Ms. WILL. All but $5 million of the $16 million is for captioning and related activities.

Senator PROXMIRE. The questioning is, how does that compare with the present funding, in other words, with the 1986 funding?

Ms. CICHOWSKI. It is about $100,000 less than the postsequestration level. It is slightly more than the 1986 revised request.

Senator PROXMIRE. Why the cut?

Ms. CICHOWSKI. It is consistent with an overall strategy to fund all of the programs at the 1985 levels.

Senator PROXMIRE. At the 1985 level.

Ms. CICHOWSKI. Yes.

Senator PROXMIRE. So there has been no increase for 2 years, and a decrease for 1987 of $100,000.

CAPTIONED FILM

Let me ask, how much do you plan to spend on captioned films for the deaf, and how does that compare with current support?

Ms. CICHOWSKI. We will have to provide that for the record, Senator.

Senator PROXMIRE. Do you know if it is down or up, or the same?

Ms. WILL. It is the Theater of the Deaf that you are asking for?

Senator PROXMIRE. Yes; for the deaf.

Ms. WILL. It is an annual award. I don't believe that there has been a change.

Senator PROXMIRE. No; captioned films for the deaf.

Ms. WILL. That, I would have to provide.

[The information follows:]

CAPTIONED FILMS

Under the Media Services and Captioned Films Program about $6 million will be spent in fiscal years 1985 and 1986 for captioned films. Activities funded include: (1) captioning of educational and theatrical films; (2) evaluation and recommendations by consumers for titles to be captioned; (3) development of lesson guides and caption writing; and (4) a national distribution system of films to schools and adult groups.

POTENTIAL USES OF CAPTIONING

Senator PROXMIRE. Have you ever considered exploring the educational impact of captioning on reading and language, and its potential use with other populations?

Ms. WILL. Yes; I think that the use of captioning with youngsters who have other sorts of disabilities, such as learning disabilities or speech impairments, is a very important and interesting issue. We have investigated that, and we would like to do some basic research projects before we make a decision about funds.

CLOSED CAPTION DECODERS

Senator PROXMIRE. Madam Secretary, you said something about the importance of decoders. The second generation of decoders for the hearing handicapped was supposed to become available last fall, I understand.

Ms. WILL. Yes.

Senator PROXMIRE. Did the Department meet that date?

Ms. WILL. Yes; we have, as I mentioned, the 50,000 decoders available. We don't believe that there is a danger of running out. There had been concerns that the supply was running down. We now have a large supply of decoders, and the price of the decoders is down.

Senator PROXMIRE. How much is it down?

Ms. WILL. The total price is about $200.

Senator PROXMIRE. The price for the buyer is down; is that right?

Ms. WILL. Yes.

Senator PROXMIRE. By how much?

Ms. WILL. By about $70.

Senator PROXMIRE. What percentage is that?

Ms. WILL. It was about $300, and it is now down to $200.

CLOSED CAPTIONED TELEVISION

Senator PROXMIRE. How many television programs are now closed captioned?

Ms. WILL. I will have to provide that for the record. It is thousands of hours of captioning, but I don't know, in terms of programs.

[The information follows:]

CLOSED CAPTIONED TELEVISION

There are a total of 93 programs captioned per week on ABC, NBC, CBS, and PBS.

MEDIA SERVICES AND CAPTIONED FILMS BUDGET

Senator WEICKER. I am a little confused about a figure here, and I just want to see that we are on the same wavelength with you.

When you responded to Senator Proxmire that you were $100,000 down, my reckoning here is that it is $1 million. You are reducing media services and closed captioning by $1 million from the 1986 appropriated level. Is that correct?

Ms. CICHOWSKI. I was comparing it to the postsequestration level.

Senator WEICKER. Am I correct when I say that it is $1 million down from the 1986 appropriated level?

Ms. CICHOWSKI. Yes.

Senator PROXMIRE. I had misunderstood that, too. I thought that you said that it was $100,000 down from the 1986 level. It is from the post-sequestration level, it is down from that. Is it $1.1 million, or $1 million?

Ms. CICHOWSKI. It is about $1 million.

PRIVATE SUPPORT FOR CLOSED CAPTIONING

Senator PROXMIRE. Let me ask you, what percentage of closed captioning is privately supported? For example, do the major commercial television networks pay for captioning any of their programs?

Ms. WILL. Yes; they participate.

Senator PROXMIRE. What proportion? You say that they participate, what proportion do they pay for?

Ms. WILL. I don't know. I will have to provide that for the record.

Senator PROXMIRE. You will let us know for the record.

Ms. WILL. Yes.

[The information follows:]

Captioned programs

Source of captioning	*Percent of programs*
Department of Education	43
Networks	24
Private sources	33

PRIVATE HEALTH INSURANCE

Senator PROXMIRE. Given the fact that most handicapped children are covered by some form of private health insurance, do you know whether State education agencies try to recover the cost of health-related services from these private insurers?

Ms. WILL. Yes; I think they do. They try to find all available sources of funding. That is an issue that needs further exploration. I am not sure that there is a consistent effort to do that.

Senator PROXMIRE. Some do, and some don't, and you don't know. Would you let us know what information you have available?

Ms. WILL. Yes; it is an issue in terms of services to youngsters in the zero to 5 range because it is very important there. So many of these youngsters are medically involved. We are seeing more and more severely handicapped youngsters in the zero to 5 age range, and sometimes it is difficult to define services, educational versus medical, and the question of insurance is a critical one.

[The information follows:]

INSURANCE RECOVERIES

In general, State educational agencies do not try to recover the costs of health-related services from private insurers. However, several States are currently examining the feasibility of such third party billing systems, and one State has a system in place. The Connecticut State Department of Education has developed and operates a third party insurer billing system. Local education agencies can voluntarily participate in this State operated system. This system bills both Medicaid and private insurers. However, approximately 50 percent of the private insurers do not participate. They commonly include in their policies an exclusion clause which stipulates, that if a public agency is responsible for providing a service, the private insurer is exempt from a liability. Smaller insurers have been participating at a higher rate than larger firms. There is some experimentation, also, in efforts to recover costs at the local education agency level. An example of a successful effort is the Southern Metropolitan Area Cooperative in Flossmoor, IL, which includes 55 local school districts in the suburbs of Chicago. The third party insurer billing system being implemented is called trans-allied medical educational services [TAMES]. It should be noted that an educational agency may not require the parents of a child to use private insurance proceeds to pay for required services where the parents would incur a financial loss.

LEARNING DISABLED COUNT AND MISIDENTIFICATION

Senator PROXMIRE. Madam Secretary, the number of children identified as learning disabled has increased by 125 percent since 1977. The justifications indicate that they now represent 44 percent of the handicapped children served under the act.

To what extent are so-called slow learners placed in classes for the learning disabled?

Ms. WILL. The question you are asking, I believe, is whether or not slow learners are mislabeled or misidentified or misclassified in some way.

We do have some concern about that, but as I mentioned to you and Senator Weicker earlier, we are seeing a decline in the rate of growth of the learning disabled count, and we believe that it is going to stabilize in the next year or so.

The States are making a very serious attempt to look at assessment and diagnosis of children with learning disabilities, and we think that they are doing a better job. Similarly, they are attempting to provide better services for children who are slow to learn, so that the only alternative for these children, the only available option where they may receive services isn't special education, where they may receive services, but where there may be some disadvantages to the label and the placement in special education.

We have expressed a need for the Federal Government to look at this issue, and the Secretary has created the task force. We expect a report soon. Congress has asked us to create, in fact, two interagency committees on learning disabilities, and we are trying to collapse the two.

INTERAGENCY COMMITTEES ON LEARNING DISABILITIES

Senator PROXMIRE. One final question. Your office recently issued a report on learning disabilities. How does it fit in with the newly authorized Interagency Committee on Learning Disabilities, and what are your priorities next year in this regard?

Ms. WILL. I mentioned that there were two interagency committees that we have been asked to establish. One under the Health Research Extension Act, and one that we would establish in conjunction with the National Institute of Mental Health and other agencies. We are trying to collapse the two committees to get very extensive representation from all the relevant agencies on the committee.

The target of the Interagency Committee on Learning Disabilities is research. We want to come up with a coherent research plan. The National Institute of Mental Health and the National Institutes of Health will often do basic research in the area of cognition. We want them to target more specific research in the area of learning disability. In the Office of Special Education and Rehabilitative Services, we have a very large and growing plan for research in the area of learning processes. We particularly want to look at the definition of learning disabilities. There are four parts to the definition—the psychological component, an exclusionary component, an etiological component, and a discrepancy factor between performance and ability. We want to examine this definition in closer detail. We want state-of-the-art work done so that we can work with States to come up with the best possible assessment for those youngsters, and better models of service.

We think that there is great hope in some of the work being done in places like the University of Pittsburgh, and in Arizona, where they are building team support systems for classes. We are seeing progress on the part of these youngsters in the classroom.

Senator PROXMIRE. Thank you, Madam Secretary.

Thank you, Mr. Chairman.

Senator WEICKER. Senator Inouye.

Senator INOUYE. Thank you very much, Mr. Chairman.

HANDICAPPED POPULATION

Madam Secretary, in the past 2 years, has the American disabled or handicapped population increased, stayed the same, or decreased?

Ms. WILL. There is a lot of disagreement about the total number of Americans with disabilities. Somewhere between, I would say, 28 and 35 million Americans have some sort of disability.

In terms of handicapped youngsters, we are now serving 4.2 million, and there has been a yearly increase since the passage of Public Law 94–142. I will be happy to provide for you the data that we have. It is not definitive.

Senator INOUYE. Would you say, from the data that you have available to you, that the population has increased in every category?

Ms. WILL. We are identifying more students, and that is important, because we want to find them if they need services. But in terms of handicapped individuals as a part of the total population, I don't believe that there is an increase.

BUDGET POLICY

Senator INOUYE. In looking over your budgetary request and your statement, I gather that for the most part, you are attempting to maintain programs at the 1985 levels.

Ms. WILL. Yes; that is correct.

Senator INOUYE. Which would mean that with the growth in the numbers, you aren't able to accommodate many, many Americans.

Ms. WILL. The Department believes that the budget request is sufficient for States to carry out the basic mission of the act, and meet the requirements of the act. We believe further that, because most of the financial support for the program comes from the State and local level, the slight decrease in the per capita Federal contribution that our request will cause will not have a detrimental effect on services to handicapped youngsters.

Senator INOUYE. I believe that all of us are concerned with the budget deficit and the effect that it has upon our national economy. I believe I speak for all when I say that we pledged to resolve this matter. But many of us differ on the method to be used, and the priorities to be established.

This is a hypothetical question, but if we were not in this deficit problem now, and you were sitting there presenting your request, would it be $1.2 billion, or would it be another number?

I am asking, what would be the minimum number that you would ask to most effectively service the handicapped population of America?

Ms. WILL. I don't think I ever speculated on that in terms of the number. I think that each year, the budget request that we recommend is a request that allows us to incorporate the kinds of research and demonstration, and the mix of direct services that are required in order for States to help handicapped children receive a good education, and to become independent and productive adults.

HEAD INJURY

I think we need to target our resources better to get at some of the knowledge gaps that still exist. For example, we see so many adolescents who, through automobile accidents and other sorts of misfortune, become head injured. We know very little about the course of head injury. We don't understand fully yet how to train professionals to work with the head injured. Those are the sorts of research questions that I think are terribly important for the Federal Government to continue looking into.

Senator WEICKER. What do you mean by head injured?

Ms. WILL. I mean a closed head injury that results from a blow to the head, and causes a major loss of brain function. In terms of rehabilitation, we have these youngsters in vocational training programs. One fact that I heard recently suggests the need for more research. That is, often these youngsters do very well in the training program, are enthusiastic, and have plans develop, and then they drop out of the program. Counselors don't understand why that happens, why the sudden about-face and disappearance of the clients.

REHABILITATION

Senator INOUYE. Many of us are conditioned by past experience, and I suppose that I am no different. I am a beneficiary of a program of the Federal Government during the time when the Government was almost too magnanimous, it went overboard.

My injury is simple as compared to many others, and yet my Government insisted that I be in a hospital for rehabilitation for a year. They insisted that I know how to drive a car, and my license had to be one that was acceptable in 48 States and all the territories. I had to demonstrate to my superiors that I was able to sharpen a pencil, shoot pool, work in a metal shop, work in a woodwork shop, just about do everything, defend myself in various ways, to be able to excel in at least one sporting event, play a musical instrument. They gave me a free car.

I don't expect that to happen today, but when I see what is happening with other Americans today, including those who served in recent wars, I feel badly. I think that we should be changing some of our priorities. I would hope that your Department would maybe roll up its sleeves and demand more. Certainly, you can expect a lot of support, certainly from the chairman here. We are all with you.

Ms. WILL. Thank you.

Senator INOUYE. I don't expect this Government to come to the level of 1944, 1945, and 1946, but those were years when money was no concern, I suppose, they did everything for us. Something close to that should be provided for our disabled and our handicapped, that is the least we can do.

Thank you.

Ms. WILL. Thank you, Senator.

NATIONAL INSTITUTE OF HANDICAPPED RESEARCH

Senator WEICKER. You mentioned the fact, in responding to Senator Inouye, that we need to know more about head injury.

Ms. WILL. Yes.

Senator WEICKER. This certainly would come under the National Institute of Handicapped Research.

Ms. WILL. Right.

Senator WEICKER. Last year, we appropriated $44 million to conduct research to improve the lives of people of all ages with physical and mental disabilities, especially the severely disabled. You propose to reduce funding for the Institute to $39 million, a $5 million decrease. How do you go ahead and jibe your rhetoric with that figure—we need to know more, but we are going to reduce the budget for the research.

Ms. WILL. We think that that is a level that will allow us to pursue the research questions and other important activities that are to be carried out under the National Institute of Handicapped Research.

Some of these problems, Senator, are not that amenable to dollars. I wish they were. That is one point I wish to make. I wish that we could do more in terms of helping families and individuals with mental illness.

HEAD INJURY

Senator WEICKER. Tell me how, on head injury, tell me what is going to happen here?

You raised the issue. You raised the issue.

Ms. WILL. Yes; I did. But we also factor into that budget level dollars on the special education programs side to help develop instructional strategies for these youngsters. In terms of NIHR, we are going to conduct basic fundamental research in the area of rehabilitation of the head injured. There is just so much that we don't know about it yet.

Senator WEICKER. What we know about it is to reduce the funding.

Ms. WILL. Given the budget constraints, we are still going to be able to announce an initiative and carry it out.

BUDGET CONSTRAINTS

Senator WEICKER. What are the budget constraints? They are the constraints that you people have put on it. There is no budget constraint here. There is no Gramm-Rudman. The budget constraints are your budget constraints, right? They are the administration's constraints, not mine.

I don't know anybody, never mind me, and never mind the chairman, I don't know of one person in the Senate of the United States who has said that they want to achieve balanced budgets by penalizing the handicapped and the disabled, not one person that I have met.

You want to raise that issue on the floor, I will show just exactly what the feelings are on that score. It is your budget constraint. You are the advocate for the handicapped and the disabled.

Ms. WILL. It is our administration request, but it is in the spirit of budget restraint, in the spirit of Gramm-Rudman.

Senator WEICKER. Yes; but this is the same administration, Senator Hatfield said it very well, you people have two sets of books, one for the military, and one for everything else. All this budget constraint, you don't think that applies to the military, do you?

Believe me, when they are testifying right now before the Appropriations Committee, they are not saying what you are saying.

Ms. WILL. I think that all Americans are concerned about the question of deficit reduction.

Senator WEICKER. We certainly are.

Ms. WILL. I can't speak to foreign policy and defense needs.

Senator WEICKER. I just wish that you would speak to the retarded and disabled. That is the issue here. Apparently, we just fold them in in the interest of budget constraint. You tell me that we have to take this initiative in the way of head injury, et cetera, and then you come forward with a budget that is $5 million less. How does that jibe with the Secretary of Education's statement that "It is safe from any cuts at all?" There is one right there.

You people can't have your cake and eat it, too, that is what it boils down to. Why don't you just come out and say, OK, as far as we are concerned, the retarded and the disabled take their cuts. It is as simple as that. Stop trying to give off this great aura of concern, compassion, and all the rest of it.

You guys in the administration, you get full marks, as far as military spending is concerned, you get every bit of credit for putting us in a very strong posture, and not coincidentally so, you spent the money on it. In this other area, you haven't done a damned thing that Congress hasn't forced you to do. We are going to have to force you to do it again.

I am sorry, Senator Inouye, do you have further questions?

Senator INOUYE. Thank you, Mr. Chairman, no.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. This is all I have on this section, except those questions which will be offered to you for response to the record.

Senator INOUYE. Mr. Chairman, may I be permitted to submit questions?

Senator WEICKER. Absolutely, and any other member of the committee.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives -- rather than a single specific request for each program -- with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to the Office of Management and Budget for Education for the Handicapped was $1.382 billion. The final President's Budget of $1.303 billion, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

Question: The Secretary of Education was recently quoted as saying that the Reagan administration has "held special education safe from any cuts at all."

Do you think cutting the special education budget to 1985 levels keeps these programs "safe"?

Answer: Many of the Department's programs are proposed to be eliminated or reduced below the 1985 appropriation level. Most special education programs have been exempted from these reductions due to the administration's high priority on services for the disadvantaged and the handicapped.

STAFFING

Question: As we have discussed in the past, the position of Director of Special Education Programs has been vacant or filled with an Acting Director for the past four years. As I indicated in my February 19 letter to you, it is difficult for me to view this continued delay in filling this vacancy as anything other than one more display of the administration's lack of commitment to education programs for handicapped children.

Have you filled the position of Director of Special Education? If not, why not? When do you expect to fill it?

Answer: A vacancy announcement for the position of Director of Special Education Programs was posted on March 10, 1986, and closed April 11, 1986. A number of applications were received and reviewed. Interviews are being conducted and we expect to make an announcement by the end of May.

Question: This may just be the tip of the iceberg. No matter how much we are assured that program staff are not being cut, and no matter what your projections and estimates are for future years, the actual number of staff always winds up going down -- from 465 in 1983 to 439 in 1984 to 418 in 1985.

In addition, there has been a steady exodus of veteran staff from the Rehabilitation Services Administration during the past year and a half. Where do you see all this leading us?

Answer: While there have been some reductions in staff over the past few years, we believe that we are fulfilling our responsibilities in administering the programs. The Department and the Office of Special Education and Rehabilitative Services have streamlined operations and actually reduced the workload in some areas such as grant award processing and panel reviews. We have also replaced many of the veteran staff who have left with highly qualified and competent career individuals. In determining our future staff needs, we will continue to consider both our administrative responsibilities and the need for economy of operation.

Question: How can we hope to ensure steady, efficient and effective programs if headquarters is in a state of flux?

Answer: I believe we have been successful in managing the necessary staff reductions without adversely affecting the special education, rehabilitation, and research programs in the Office of Special Education and Rehabilitative Services. We have attempted to provide steady and consistent Federal leadership to States through setting priorities aimed at improving programs for preschool children, children with learning disabilities, handicapped youth leaving school, and for educating handicapped children in the least restrictive environment. Similarly, in rehabilitation and handicapped research, we have supported initiatives which promise to make a difference in the quality of services to handicapped persons across the country. Through the exercise of programmatic leadership, and through departmental initiatives to improve the administration of education programs, we can ensure steady and effective programs in the Office of Special Education and Rehabilitative Services.

REHABILITATION ACT SECTION 504 ENFORCEMENT

Question: During a recent hearing on the reauthorization of the Rehabilitation Act, the Chairman of the National Council on the

Handicapped expressed concern over the implementation and enforcement of section 504.

My staff has also received numerous complaints about the lack of coordination on section 504 enforcement between the Office of Special Education and the Office for Civil Rights within the Department. How do you respond to these allegations?

Answer: A Memorandum of Understanding between the Office of Special Education and Rehabilitative Services and the Office for Civil Rights has been in force for a number of years. It is currently being revised and updated. We have been awaiting the arrival of a new Assistant Secretary for Civil Rights before the updated Memorandum of Understanding is completed. Please be assured, however, that the Office of Special Education and Rehabilitative Services and the Office for Civil Rights are continuing to coordinate their investigation and compliance efforts to the fullest extent. In April 1985, the Office for Civil Rights and the Office of Special Education and Rehabilitative Services conducted a joint monitoring site visit to the State of Illinois. In addition, we are currently coordinating with the Office for Civil rights on specific issues in Illinois and Virginia.

Question: What specifically has your office done in the last year to cooperate in the enforcement of section 504?

Answer: Meetings have been held between the Office for Civil Rights staff and the Office of Special Education and Rehabilitative Services staff to share information and coordinate enforcement efforts relating to specific concerns in several States, most recently Illinois and Virginia.

In addition, as part of the Office of Special Education and Rehabilitative Services on-site monitoring process, Office for Civil Rights data relating to Part B of the Education of the Handicapped Act and section 504 of the Rehabilitation Act is shared with the Office of Special Education and Rehabilitative Services. The Office of Special Education and Rehabilitative Services staff then analyze the data for trends or areas of concern. Possible indicators of problem areas are discussed with the Office for Civil Rights and an on-site monitoring plan is developed.

Complaints received by the Office of Special Education and Rehabilitative Services which involve possible section 504 violations continue to be referred to the Office for Civil Rights.

EARLY CHILDHOOD EDUCATION/PERSONNEL DEVELOPMENT

Question: The only increase you are proposing for any Education for the Handicapped program is represented by Preschool Incentive Grants, which would go from the 1986 appropriated level of $30 million, to your proposed 1987 level of $31 million. This is a very important and worthwhile program, but a number of States have cited the lack of trained personnel to deal with handicapped infants and toddlers as an issue in expansion of educational and other services to this group.

Why, since you would increase funds to promote the development of these preschool services, are you seeking a significant reduction in Personnel Development funding?

Answer: The reduction in Special Education Personnel Development is based, in part, on our inability to relate projects funded under the program to increases in the number of trained personnel in a particular area.

However, we believe that the priority for training personnel to work with infants is one area within the Personnel Development program where there is a high likelihood of impact. This priority deals with an emerging need of national scope where Federal funds may result in the initiation of programs where none have previously existed. This differs from other priorities under which funds generally are used to supplement or modify on-going activities. Funding for training personnel to work with infants would be increased in fiscal year 1987.

Question: What is the Department doing to help States develop the personnel capacity for early intervention programs?

Answer: The Office of Special Education and Rehabilitative Services has three means for supporting training in this area. Under the general personnel training priority, we have been funding some training of early childhood personnel for a number of years, and this effort continues. For the past two years we have also conducted special competitions for training personnel serving infants which have resulted in 30 projects. In 1986, the Early Childhood Education program announced a priority for funding in-service training demonstrations which will support about eight new projects.

SERVICE MANDATE TO BIRTH

Question: Are you aware of my initiative to extend Public Law 94-142 to birth? Do you agree with me that these services should be provided as early on as birth?

Answer: We believe that preschool services should be provided to many handicapped infants and children as early as possible. The Department recognizes that early intervention can be a critical factor in helping some handicapped children achieve greater success in later life. For this reason, we have been encouraging States, through a number of ways, to improve preschool programs for handicapped children. Our budget request for fiscal year 1987 includes an increase in the Preschool Incentive program to underscore this effort. We are also directing more resources under the handicapped discretionary programs toward helping States plan and coordinate the delivery of services to these children.

However, we do not support a mandate for these services at this time. It is important to remember that the service delivery systems serving handicapped infants at State and local levels involve a large number of public and private agencies. We do not have sufficient information on the types of services these agencies provide, the number of infants served, or the effectiveness of their own efforts to coordinate services. We need to determine the best ways to obtain this information, and continue to establish demonstrations in selected States to test a coordinated, comprehensive planning process.

PERSONNEL DEVELOPMENT

Question: Your statement explains that "the available data on personnel shortages do not support a need for a higher budget for this program", and you propose a $16 million reduction in 1987 for the Personnel Development program. You state that "it is very difficult to focus resources on areas of personnel shortages due to a lack of information and understanding about the cause of shortages." It appears that we are in a Catch-22 here. You keep telling us you don't have sufficient information on which to base funding decisions for training; and therefore, we should reduce the appropriation. But, were we to reduce the appropriation, where would you get sufficient resources by which to gather information so that these decisions can be wisely made? We have been requesting for at least the last two years that you get working on resolving the data problem. When do you believe you will be in a position to improve your information base insofar as special education personnel are concerned?

Answer: We are currently looking forward to receiving a report updating the Davis, Burke and Noel study which surveyed all the State education agencies regarding special education teacher supply and demand. In addition, each State's annual report contains data to address the requirements for Comprehensive State Personnel Development. We are also working closely with the Center for Statistics so that its data collection efforts will be more useful. Finally, we are conducting an evaluation of the Personnel Development program. We have considerable data relating to personnel at present, and we will continue to collect data on this issue.

With respect to the specific issue of the reasons for shortages, the Center for Statistics data indicate that special education teacher shortages exist and are likely to continue in the near future. However, these same data indicate that almost 40 percent of newly qualified special education teachers graduated in 1983 were either not teaching or teaching in areas other than special education. The literature suggests that the teacher shortages involve such factors as low salaries, poor working conditions, the special stress of teaching handicapped children, and a number of additional issues other than teacher supply. Until we better understand these issues and their relationship with the Special Education Personnel Development program, our ability to address shortages will be severely limited.

CAPTION DECODERS FOR THE DEAF

Question: You propose to reduce funding for Media Services and Captioned Films by $1 million from the 1986 appropriated level. As you know, the Committee, the year before last, included $1.5 million for the development of new low-cost decoders and to produce 50,000 new decoders. The Committee, last year, included $1,000,000 to produce another 50,000 decoders and included $500,000 for the development of new, less expensive decoder components.

How would your proposal affect the production and development of these new decoders?

Answer: The proposed budget for the Media Services and Captioned Films program for fiscal year 1987 will not affect the development and production of decoder chips. In fiscal year 1985, $1.5 million was awarded for the development and production of decoder chips. In fiscal year 1986, an additional $1 million will be devoted to this activity. Development of new, less expensive decoder components was completed in fiscal year 1985 when the initial award was made for development and production of decoder units.

Question: What is the status of the decoder development and production program?

Answer: In September 1985, we entered into a cooperative agreement with the National Captioning Institute for the development and production of new, less expensive decoder units. Through March, 1986, 21,408 decoders had been produced and shipped to dealers throughout the country. Decoders that are now being manufactured for additional orders will bring the total to 34,470. The retail price of the unit is $199.99, approximately $70 less than the first generation model. We have no data on actual sales at this time. In accordance with the Senate Committee report we plan to use $1.0 million in fiscal year 1986 to continue the subsidy over and beyond the current 50,000 units. Based on the current $30 subsidy, an additional 33,000 decoders can be subsidized with this amount. We believe that it is desirable to maintain this level of subsidy as opposed to the $20 level implicit in the Senate Committee report so that the price of decoders can be kept below $200. An award for these additional units will be made in September 1986.

GEORGIA COMPLIANCE

Question: As you may recall, I asked you a question for the record of the Special Education Reauthorization Hearing about the Department's progress in resolving allegations of civil rights violations under Public Law 94-142 in Georgia. Specifically, 272 handicapped children were excluded from public school programs because they supposedly could not benefit from education.

You responded that the Department has requested the files of these children and would "move rapidly to resolve identified problems." I note that the Association for Retarded Citizens in Georgia filed a complaint with the Office of Special Education and Rehabilitative Services and the Office for Civil Rights last July.

Yet, just yesterday I received a letter from a parent in Georgia indicating that no action has yet been taken by your Department to resolve this issue. When may we expect a final resolution of this investigation?

Answer: In February the Georgia State Educational Agency requested the files of approximately 300 handicapped children for review. The Georgia State Educational Agency also issued a notice to all superintendents also calling for a reassessment of the approximately 300 handicapped children. The Office of Special Education and Rehabilitative Services will continue to monitor this process to assure the problems in Georgia are resolved; however, we cannot tell at this time how long this will take.

Question: Should I be concerned that this case is just the tip of the iceberg when it comes to the Department's monitoring activities under Public Law 94-142, or is this just an isolated instance? Unfortunately, this sounds all too similar to the problems we have encountered with the Department's enforcement of section 504?

Answer: The problems in Georgia are unique and are being addressed in a productive and positive manner which we anticipate will lead to their resolution.

Questions Submitted by Senator Arlen Specter

SPECIAL EDUCATION TEACHERS

Question: It is estimated that 1 million teachers will be needed over the next 8 to 10 years. How many of these teachers will be needed for the special education field?

Answer: We believe that the increase in teachers needed for special education will roughly parallel the teaching field in general, but we do not have specific estimates of the number of teachers.

STATE GRANT PROGRAM

Question: Congress appropriated $1,215,600,000 for the State Grant Program to serve 4.153 million handicapped children in fiscal year 1986. In your fiscal year 1987 request of $1.135 billion you propose to serve 4.183 million children. How are you going to serve 30,000 more children under this reduced request?

Answer: The State Grant Program provides only about four percent of the total cost of educating handicapped children. The other 96 percent comes from State and local sources. Since States are required to serve all handicapped children regardless of the size of the Federal contribution, the 1987 request would have the affect of shifting a small portion of the per capita funding from Federal to State and local governments. This shift represents less than one half of one percent of the total cost for handicapped education.

REHABILITATION SERVICES AND HANDICAPPED RESEARCH

STATEMENT OF MADELEINE C. WILL, ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES

ACCOMPANIED BY CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

BUDGET SUMMARY

Senator WEICKER. The next thing that we have is rehabilitation services. Your statement in its entirety will be included in the record. We have quite a ways to go, if you want to synopsize it, I think that it would help.

Ms. WILL. We appreciate this opportunity to discuss the fiscal year 1987 budget for the "Rehabilitation services and handicapped research" account. The total request for this account is $1.2 billion, a reduction of $8.8 million from the 1986 revised request level. This is essentially level funding from 1985. Our proposal is to continue most programs at their 1986 revised level to help control the Federal deficit. Our proposal includes targeted reductions in independent living, training, and recreation.

REHABILITATION STATE GRANTS

Our 1987 budget request for vocational rehabilitation State grants is $1.1 billion, the same as the 1985 appropriation and the 1986 revised request. This level will enable States to maintain their ongoing programs of rehabilitation services to handicapped persons and to continue giving priority to severely disabled persons.

The number of persons served will depend in part on how many new applicants are accepted into the system, and on the amount of funding provided by the States. We have a contractor looking at caseload trends now to help us determine what, in addition to Federal funds, influences the size of caseloads.

Other important impact measures to be looked at include the quality of outcomes achieved and the severity of disabilities of the persons assisted.

CLIENT ASSISTANCE

We are requesting $6.3 million for the Client Assistance Program, which is the same as the 1985 appropriation and the 1986 revised request level. A congressionally mandated evaluation of the Client Assistance Program is in progress, and the results should be available by June 30, 1986.

INNOVATION AND EXPANSION

For innovation and expansion grants, we are requesting $9 million. Funding for this program was resumed in 1986 for two specific purposes. One is to help States develop or expand programs to assist disabled youth make the transition from school to employment. The other is to help develop programs that will provide supported employment for severely disabled persons. The funds requested for 1987 will enable the States to continue the projects they will be initiating in 1986.

SERVICE AND DEMONSTRATION PROJECTS

We are requesting $29.3 million for service and demonstration projects. Projects with industry, migratory worker projects, and service grants to Indian tribes are proposed for continuation at the 1986 revised request level.

PROJECTS WITH INDUSTRY

A congressionally mandated evaluation of projects with industry has been completed, and a report on the findings was forwarded to Congress on February 20, 1986.

INDEPENDENT LIVING

Our 1987 budget request for independent living is $22 million for support of centers for independent living. This is the level of funding that was available for the centers in 1985 and 1986. We are not requesting funds for comprehensive services for independent living or for independent living services for older blind individuals.

The independent living programs are overlapping and duplicative in many ways. A report on the congressionally mandated evaluation of the centers for independent living program will be submitted to Congress very soon.

TRAINING

We are requesting $15 million for training. This is the level necessary to cover continuation costs in all training categories and to continue the current network of continuing education, State inservice, and interpreter training programs.

NATIONAL INSTITUTE OF HANDICAPPED RESEARCH

Our request for the National Institute of Handicapped Research is $39 million, essentially the same as the 1985 appropriation and the 1986 revised request level. This funding level will provide for all continuation activities, as well as for new awards under several of the Institute's programs.

HELEN KELLER CENTER

We are proposing $4.2 million for the Helen Keller National Center. This is the same as the 1985 level, and slightly above the 1986 post-sequestration level. The funding requested will allow the center to maintain the level and nature of services provided in 1986 to its deaf-blind clients.

EVALUATION

Our request for evaluation is $600,000. The funds requested will allow us to pursue a major new study on the impact of the vocational rehabilitation program. We need time to complete work already begun and to assess the need for new studies before we can use additional funds.

PROPOSED RESCISSIONS

For fiscal year 1986, we are proposing a rescission of $75.4 million below the 1986 level following sequestration. These reductions will return most rehabilitation programs to the 1985 appropriated level. This level will allow us to maintain about the same level of services provided in 1985. A few programs will be reduced below the 1985 level to eliminate activities which are duplicative or inappropriate for the Federal Government.

PREPARED STATEMENT

That completes my statement, and I will submit it in its entirety for the record.

[The statement follows:]

STATEMENT OF MADELEINE C. WILL

I appreciate this opportunity to discuss the fiscal year 1987 budget request for the Rehabilitation Services and Handicapped Research Account, which includes activities of the Rehabilitation Services Administration and the National Institute of Handicapped Research.

The total requested for this account is $1.2 billion, a reduction of $8.8 million from the 1986 revised request level. This 1986 level is essentially level funding from 1985. Our 1987 budget proposal is to continue out programs at--or slightly above--the 1986 revised level to help control the Federal deficit. Our proposal includes targeted reductions in Independent Living, Training, and Recreation.

Vocational Rehabilitation State Grants

Our 1987 budget request for Vocational Rehabilitation State Grants is $1.1 billion, the same as the 1985 appropriation and the 1986 revised request level. This level will enable States to maintain their ongoing programs of rehabilitation services to handicapped persons and to continue giving priority to severely disabled individuals. The number of persons served will depend in part on how many new applicants are accepted into the system in 1986 and on the amount of funding provided by the States, but we expect about the same number to be served in both 1986 and 1987 as were served in 1985. We have a contractor looking at caseload trends now to help us determine what, in addition to Federal funding, influences the size of caseloads. However, it is important to note that the number of persons served is not the only important impact measure. Other important measures include the quality of outcomes achieved and the severity of the disabilities of the persons assisted. We know that States continue to serve an increasing proportion of severely disabled persons, and we continue to emphasize placements in competitive employment.

Client Assistance

We are requesting $6.3 million for the Client Assistance program, which is the same as the 1985 appropriation and the 1986 revised request level. These funds will enable States to continue the client assistance activities mandated by the Rehabilitation Act. A congressionally mandated evaluation of the Client Assistance program is in progress. The results of the evaluation will be available by June 30, 1986.

Innovation and Expansion

For Innovation and Expansion Grants, we are requesting $9 million. Funding for this program was resumed in 1986 for two specific purposes. One is to help States develop or expand programs to assist disabled youth make the transition from school to employment. The other is to help develop programs that will provide supported employment for severely disabled persons. The funds requested for 1987 will enable the States to continue the projects they will be initiating in 1986.

Service and Demonstration Projects

We are requesting $29.3 million for Service and Demonstration Projects. Projects with Industry, Migratory Worker Projects, and Service Grants to Indian Tribes are proposed for continuation at the 1986 revised request level. A congressionally mandated evaluation of Projects with Industry has been completed, and a report on the findings was forwarded to Congress on February 20, 1986. An increase of $806,000 is proposed to return the Special Demonstration Programs for the Severely Disabled to the 1985 level of $14.6 million. This level will provide for continued funding of the supported employment projects that were initiated in 1985, the current network of spinal cord injury systems, and other demonstrations related to specific severe disabilities. We will also have funds for new demonstrations. No funds are requested for Special Recreation Programs. This is an activity more appropriate for private charities, local organizations, and corporations to finance.

Independent Living

Our 1987 budget request for Independent Living is $22 million for support of Centers for Independent Living. This is the level of funding that was available for the Centers in 1985 and 1986. We are not requesting funds for Comprehensive Services for Independent Living or for Independent Living Services for Older Blind Individuals. The independent living programs are overlapping and duplicative in many ways. Support for more than one program cannot be justified. Independent living services will continue to be provided to severely handicapped persons, including older blind persons, through Centers for Independent Living. Centers have already demonstrated their capacity to provide services to persons who are severely disabled. A report on the congressionally mandated evaluation of the Centers for Independent Living program will be submitted to Congress very soon.

Training

We are requesting $15 million for Training. This is the level necessary to cover continuation costs in all training categories and to continue the current network of continuing education, State inservice, and interpreter training programs. We have inadequate evidence of personnel shortages to direct any additional funds toward alleviating particular shortages, but we are continuing our efforts to collect better data on shortages and on the effects of Federal training assistance.

National Institute of Handicapped Research

Our request for the National Institute of Handicapped Research is $39 million, essentially the same as the 1985 appropriation and the 1986 revised request level. This funding level will provide for all continuation activities as well as for new awards under several of the Institute's programs. The 1987 budget strategy is to make new awards in field-initiated and priority directed research. We will not make additional, major long-term commitments, thus ensuring that funds in future years will be available to address new research priorities.

Helen Keller National Center

We are proposing $4.2 million for the Helen Keller National Center. This is the same as the 1985 level and slightly above the 1986 postsequestration level. The funding requested will allow the Center to maintain the level and nature of services provided in 1986 to its deaf-blind clients.

Evaluation

Our request for Evaluation is $600,000. The funds requested will allow us to pursue a major new study on the impact of the Vocational Rehabilitation program. We need time to complete work already begun and to assess the need for new studies before we can use additional funds. Between 1984 and 1986, we have undertaken evaluations of nearly every program under the Act.

Fiscal Year 1986 Proposed Rescission

For fiscal year 1986, we are proposing a rescission of $75.4 million below the 1986 level following sequestration. These reductions will return most rehabilitaton programs to the 1985 appropriated level. This level will allow us to maintain about the same level of services provided in 1985. A few programs will be reduced below the 1985 level to eliminate activities which are duplicative or inappropriate for the Federal Government.

Mr. Chairman, I will be pleased to answer any questions you or your committee may have.

BIOGRAPHY OF MADELEINE C. WILL

POSITION : Assistant Secretary for Special Education and Rehabilitative Services

BIRTHPLACE AND DATE : Hartford, Connecticut, August 9, 1945

EDUCATION : Hartford College for Women, 1965, A.A.
Smith College, 1967, B.A.
University of Toronto, 1969, M.A.

EXPERIENCE :

PRESENT : Assistant Secretary for Special Education and Rehabilitative Services

1982 : Member, Maryland Department of Mental Retardation and Developmental Disabilities Expansion Committee to develop criteria for selecting mentally retarded individuals at risk of immediate institutionalization to be placed in community-based programs.

1982 : Consultant, Rock Creek Foundation, Silver Spring, Maryland

1981 : Chairman, Government Affairs Committee, Maryland Association for Retarded Citizens

1981 : Founding Member, Real Rights

1979 : Chairman, Government Affairs Committee, Montgomery County Association for Retarded Citizens

1977 : Trustee, Hartford College, Hartford, Connecticut

1977 : Committee Member, Metro Area Council for Public Information and Advocacy

1975 : Board Member, Home Care Services for the Handicapped

1974 : Co-founder, Kensington Nursery School Sheltered Classroom

1970 : Editorial Assistant, American Enterprise Institute

HELEN KELLER CENTER DECREASE

Senator WEICKER. It is a small point, but you mentioned that for Helen Keller the amount was the same, but it is a $100,000 reduction, isn't it, from what was appropriated last year?

Ms. WILL. It is $100,000 less than the 1986 appropriation. It is the same as the 1985 appropriation.

Senator WEICKER. Just out of curiosity, as far as that institute is concerned and the deaf-blind that it serves, what are you going to save for the $100,000 less?

I would like to know what the savings are from. What is going to happen there? Where do you get the $100,000 less? There has got to be a reason for reducing it by $100,000. What is the reason?

Ms. WILL. Basically, we view that as level funding. We expect services to be maintained at the 1985 level—$85,000 more than the 1986 postsequestration level.

Senator WEICKER. The $100,000 out of a $4.3 million budget, that is a good little chunk. What are you going to do, or is that just a cut across the board here?

1985 LEVEL FUNDING

Ms. CICHOWSKI. Senator, as I explained to Senator Proxmire during the Education for the Handicapped hearing, the budget request for discretionary programs such as Helen Keller are part of an overall strategy to fund all programs at the 1985 level. We do not have specific programmatic reasons for reductions of that nature.

Senator WEICKER. I see. So really substance does not come into it. It is an overall cut; is that right?

Ms. CICHOWSKI. It is an overall strategy to maintain funding at the 1985 level.

Senator WEICKER. It does not relate, in other words, to the activities of the particular institute, agency, or whatever it is. It is a budget strategy.

Ms. CICHOWSKI. In general, we do not feel the increases provided in the 1986 appropriation are justified, which is why we adopted the overall strategy of returning to the 1985 level.

Senator WEICKER. I understand that. I was trying to find out what the statement was. The budget summary says, "the increases should not be maintained." Is that what you said in there?

Ms. CICHOWSKI. Yes.

Senator WEICKER. You made that judgment even though the Congress passed it, and the President signed it. You made the judgment that they should not be maintained. How do you explain that? This was a provision that was passed by the Congress, and signed by the President.

1987 BUDGET POLICY

Ms. CICHOWSKI. In developing the 1987 budget, it was necessary to make a reassessment of all the appropriation actions that had been taken in 1986.

Senator WEICKER. That was budget strategy, right? It was not rehabilitation strategy, but a budget strategy.

Ms. CICHOWSKI. Yes, sir.

Senator WEICKER. What about that strategy where the defense budget is concerned? Do you think that it was the same overall strategy, or was it to restore the cuts in the 1987 budget?

I will tell you, this is a disgrace, an absolute disgrace. There is no point in arguing over this one, or the others, because I am going to tell you exactly what I am going to do. I will do my best to go ahead and restore everything that has been cut here.

At least, we can save the rhetoric and the hypocrisy by the administration coming in and saying, this is a budget strategy. It has nothing to do with the deaf. It has nothing to do with the retarded. It has nothing to do with the blind. This has to do with budgets. I would accept it, and I wouldn't spend any time arguing about it. Don't tell me that you are going to do more with less, not as far as this budget is concerned.

The budget summary contains the following description relating to your proposal for rehabilitation services programs:

> The 1987 budget request for programs in aid of disabled people reflects the administration's commitment to greater independence and productivity for disabled Americans and the Department's high priority on providing opportunities to persons with special needs.

Does that sound good?

It is then explained to us that increases enacted for 1986 should not be maintained, and the Department proposes that they be rescinded.

BUDGET IMPACT ON NUMBER OF REHABILITANTS

The Department's own estimate of what will be needed in 1987 to ensure at least the operation of the same number of programs and the same number of persons receiving services as in 1985 is $1.208 billion. Your proposal for 1987 is $108 million below what you estimated would be necessary to maintain services.

How many fewer persons with special needs will we be able to create opportunities for with your budget proposal?

Ms. WILL. Senator, we think that the States will continue to rehabilitate roughly the same number of people.

Senator WEICKER. That is a wish, isn't it? That is a wish. You can't guarantee me that. You hope the States will.

Ms. WILL. I can't guarantee you exactly the same number, but we think that they can rehabilitate approximately the same number.

Senator WEICKER. The figure we have is that 86,000 fewer are going to be served.

Ms. WILL. I have heard that figure before. Again, I would like an opportunity to go back and examine our data. One of the figures that we have is that roughly one-quarter of 1 million people are rehabilitated each year. In addition, approximately 125,000 are entered into the system, but not rehabilitated. There are a variety of reasons for that, but one of those is not a lack of additional resources. Clients opt out of the rehabilitation system for many reasons.

Senator WEICKER. In response to your question to me, where do we get the 86,000, that came from the Association of State Administrators of Rehabilitation Services, who are the ones that are going to pick up all the slack as to who is going to be served.

Ms. WILL. We would just like an opportunity to examine that figure. However, we know that 26,000 refuse services even though they are entered into the rehabilitation service system. In addition, one-third of the clients served and rehabilitated are not severely handicapped, even though we have a priority on serving more severely handicapped individuals.

STATE GRANT BUDGET INCREASE

There has been a 27-percent increase in State grant funds between fiscal year 1982 and 1985. We see growth, and we see that the States are able to maintain services and to rehabilitate basically the same number of people from year to year.

BUDGET IMPACT ON NUMBER OF REHABILITANTS

Senator WEICKER. In your statement, you say:

> It is important to note that the number of persons served is not the only important impact measure. Other important measures include the quality of outcomes achieved and the severity of the disabilities of the persons assisted.

Are we to understand that you believe that it is irrelevant that the number of people served under your proposal would go down?

Ms. WILL. First, we do not agree with the 86,000 person number. I am not disputing it, but I don't understand your figure.

Senator WEICKER. Don't you understand the impact of your own budget request?

Under your budget request, do you figure that you are going to serve more, the same, or less? Give me the figures.

Ms. CICHOWSKI. We stated that we think we would serve approximately the same number, but this is only an estimate given the number of factors that must be considered.

Senator WEICKER. Tell me what your estimate is, then?

Ms. CICHOWSKI. Approximately the same, sir, in light of no better information.

Senator WEICKER. In light of what cut are you going to serve the same, a $108 million cut?

Ms. CICHOWSKI. Yes; but the effect of the reduction depends, sir, in part on what the States' response is to our budget.

Senator WEICKER. Let's say that the States don't respond, what do you all say? Oops, we have made a mistake, we will see you guys next year.

Ms. CICHOWSKI. Obviously, it will have some effect if the States do not make any effort to pick up the slack. We are not assuming that they will not make any effort given their record. Thirty-five States over-matched in this program in 1984 and 42 States over-matched in 1985. In part, the impact depends on the type of applicants the States accept and the type of services that are provided.

Senator WEICKER. Is Mr. Mendez, who is with the Council of State Administrators of Vocational Rehabilitation in the room?

Mr. MENDEZ. Yes.

Senator WEICKER. What do you expect to happen? Do you expect that the States will pick this up?

Mr. MENDEZ. The States over-match, many States over-match, even if they continue to, they may not over-match to make up a $100 million difference. I would doubt that that would happen.

Also, the last point on services, sure, the States can serve fewer disabled people, and spend less money on them, but I am not sure that this is the kind of closures that we want.

Senator WEICKER. So it would be a reasonable expectation, under this budget, that fewer would be served, without agreeing necessarily with my 86,000 figure?

Mr. MENDEZ. Absolutely.

Senator WEICKER. What happens to them? Let's not play a numbers game, let's assume that it is 10,000, or 20,000, what happens to those people?

They get a little letter signed by the President of the United States, in the interest of budget constraints, you will not be served this year. Is that what happens? What happens to those people?

Ms. WILL. We could assume that there are fewer people served; however, the argument that we are making is that roughly the same number will be served. In that case, those people would have to find alternative service options.

HANDICAPPED AND REHABILITATION PERSONNEL TRAINING

Senator WEICKER. We have to move along. I have further questions for response to the record.

Incidentally, what are your budgets in both of these areas on personnel training? You keep referring to the fact that you are looking into this, that, and the other thing at the State level, and the States have to be ready to take on additional clients, or additional duties, et cetera, all of which implies to me that we certainly have to have increased personnel in this area, if indeed, for example, they are going to take on further obligations under Public Law 94-142.

What are your training budgets in the two accounts that you presented, are they up or down?

Ms. WILL. They are down.

Senator WEICKER. They are down?

Ms. WILL. Yes; both of them.

Senator WEICKER. Then how are we going to accomplish this with fewer personnel?

Ms. WILL. We know that there are shortages of personnel in special education and in rehabilitation, but we aren't sure how our Federal dollars can be used to eliminate or ameliorate the shortages.

One of the things that we discovered in the course of studying these programs, particularly the RSA training program, is that there are numerous factors that relate to the elimination of shortages, and many of these factors are largely beyond our control. We don't understand them well enough yet to know how we can use Federal dollars to impact on factors such as FTE personnel ceilings, entry level salaries, regional shortages, the time-lines that are required in order to focus funds to train personnel to address a particular regional shortage, and other geographical factors.

HANDICAPPED EDUCATION PERSONNEL TRAINING

In the absence of a better understanding of how to affect the shortages, we are targeting the critical areas, the areas of urgent need. In special education, we are focusing primarily on preparation of teachers, and preservice training. We have identified several areas where we know there is a need, including a shortage of teachers of the severely handicapped and early childhood specialists. Additional training is also needed for regular education teachers who are working with learning disabled individuals.

REHABILITATION PERSONNEL TRAINING

In terms of the RSA training program, we propose to fund all the categories at continuation levels until we have completed designing a data collection system. We expect to begin collecting data this summer, and to make our funding decisions next year based, in part, on the information that we have gathered.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. I have further questions for response to the record, and that will be all. Thank you very much.

Ms. WILL. Thank you.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

Questions Submitted by the Subcommittee

DEPARTMENT BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels established by the Secretary were: (1) the 1987 estimate which had been included in the President's Budget for 1986; (2) the 1986 Senate Budget Resolution; and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Rehabilitation Services and Handicapped Research was $1.3 billion. The final President's Budget of $1.2 billion, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

Question: Your budget summary contains the following description relating to your proposal for Rehabilitation Services programs: "The 1987 budget request for programs in aid of disabled people reflects the administration's commitment to greater independence and productivity for disabled Americans and the Department's high priority on providing opportunities to persons with special needs."

It is then explained to us that "the increases enacted for 1986 should not be maintained, and the Department proposes that they be rescinded."

The Department's own estimate of what will be needed in 1987 to ensure at least the operation of the same number of programs and the same number of persons receiving services as in 1985 is $1.2 billion. Your proposal for 1987 is $108 million below what you estimated would be necessary to "maintain" services.

How many fewer persons with special needs will we be able to create opportunities for with what your budget proposes?

Answer: The Gramm-Rudman-Hollings legislation resulted in the need for the Department to propose a budget which would meet the

Gramm-Rudman-Hollings' targets for 1987, including cutbacks where necessary and limits on unnecessary growth. In the face of these severe constraints, the Department's request for Vocational Rehabilitation State Grants, which maintains funding at the 1985 appropriation level, demonstrates the administration's priority on services for disabled Americans. We do not know how service levels would change, with more or less funding. The number of clients served depends on a number of factors, including the mix of services required by a particular pool of clients in a given year. We estimate that roughly the same number of clients will be served in 1987 as were served in 1985 and 1986.

Question: What services would be reduced, and by how much, were we to go back to the 1985 level?

Answer: Under the vocational rehabilitation program, the services to be provided reflect the Individualized Work Rehabilitation Plan which is tailor-made for the individual. The exact set of services required and provided depends on the pool of clients in a particular year, and the service options for meeting the clients' unique needs. Therefore, we cannot determine with any accuracy, what, if any, changes might be made in the types or levels of services offered by the States. It is possible that some States may choose to reduce certain types of services or seek less expensive ways to provide services for their clients. However, States may continue the trend toward increased involvement and supplement available funding. In 1984, thirty-two States overmatched and in 1985, forty-two States overmatched with excess contributions of over $80 million. If necessary in some States, savings could be obtained by seeking similar benefit payments from other sources and introducing operating efficiencies into the administration of the program. These are all options by which services could be maintained or increased in 1987.

Question: In your statement you also say, "...it is important to note that the number of persons served is not the only important impact measure. Other important measures include the quality of outcomes achieved and the severity of the disabilities of the persons assisted."

Are we to understand that you believe that it is irrelevant that the number of people served under your proposal would go down?

Answer: We do not believe that a decrease in the number of persons served would be irrelevant. However, we do not expect the number of people served to go down under our proposal. We estimate that approximately the same number of persons will be served in 1987 as in 1985 and 1986. In addition, we take seriously the Congress's priority on serving the severely disabled and an emphasis on this population can affect the number served, given the relative difficulty and level of services necessary in successfully rehabilitating the severely disabled. The percentage of severely disabled persons served and the number of severely disabled persons rehabilitated continues to rise each year, and is expected to increase again in 1987. This trend needs to be considered in assessing program impact.

HARRIS POLL OF DISABLED PERSONS

Question: A recent Lou Harris Poll reveals that two-thirds of disabled Americans between age 16 and 64 were not working, and that two-thirds of this non-working group want to work. Also, 40 percent of disabled citizens did not finish high school compared to 15 percent of the non-disabled population.

Have our transition services programs begun to have a marked effect on getting these people into the workplace?

Answer: Most Office of Special Education and Rehabilitative Services transition projects are funded by the Office of Special Education Programs. These include: the Secondary and Transitional Services program; a transition priority under the Special Education Personnel Development program; the transitional services component of the Deaf-blind Centers, targeted on persons over 21; and an Innovation and Development demonstration project on youth employment. Measurable results generated by these activities are not yet available since most of these projects were initiated in recent years. In response to a congressional mandate, the Office of Special Education and Rehabilitative Services will begin a five year longitudinal study in late 1986 which is designed to examine the transition experiences of handicapped youth as they move from secondary school to postsecondary situations and activities. We anticipate that outcome data will be available upon completion of this study.

In addition, the Rehabilitation Services Administration is supporting five 3 year transition projects under Special Demonstration Programs, all of which are in their second year. All five projects are showing good progress. For example, Goodwill Industries of America has a project to identify, train, and place severely handicapped individuals in employment in fast food chains. Cooperating businesses include such restaurants as McDonalds and Roy Rogers. The project proposed to place a minimum of 200 severely handicapped individuals by the third year.

Transition services are also available under the Rehabilitation Services Administration's 10 supported employment projects initiated in 1985. These projects develop statewide networks of supported employment for persons with severe disabilities for whom competitive, integrated employment has not previously been possible. Severely disabled persons, especially those in day activity centers, are being given the opportunity to be placed in appropriate work settings through the supported work demonstration projects. States are working to develop uniform outcome measures, and placement data should be available by the end of fiscal year 1986.

Question: Given the results of this poll, what action do you believe should be taken quickly so that these statistics can begin to be improved?

Answer: The Department is concerned that significant numbers of disabled persons are unemployed and is taking several actions to remedy this problem. Under the Secondary and Transitional Services program, the Department is developing cooperative models for planning and developing transitional services which lead to employment. Other transitional services projects include the establishment of exemplary models for services and programs, including vocational training and job placement for handicapped youth leaving schools. In addition, under the supported employment projects, severely disabled persons for whom competitive, integrated employment has not previously been possible are being placed in appropriate worksettings. These programs and many others are part of the Department's efforts to help handicapped individuals, especially the severely disabled, become more productive and independent.

Question: What resources would be required for a full-scale effort to eliminate this problem?

Answer: It is not possible to estimate the resources that would be required for a full scale effort to eliminate unemployment among the disabled. First, one cannot assume that a massive infusion of resources in programs administered by this Department would solve this problem. The problem has many dimensions and tackling it would require extensive cooperation at all levels of government, as well as the involvement of the private sector. In addition to education and training needs, employment prospects for disabled persons are affected by factors such as the state of the economy in general, trends in the job market, employer attitudes toward employing the disabled, and disincentives to employment, including the disability support system. It is particularly difficult to address these factors, even without limitations on available resources.

Within the Department of Education, the entire vocational rehabilitation program is geared toward improving the employment and independent living skills of disabled persons. For 1986, Department efforts in this area are focusing on three main priorities: transition; supported employment; and linkages with business and private industry. For example, in 1986 we will expand support for the supported employment program initiated in 1985 as well as provide support to train counselors and other professionals on how to provide opportunities in appropriate work settings for severely disabled persons for whom integrated competitive employment previously had not been possible. Training priorities have also been established to prepare rehabilitation counselors to provide job development and placement services to severely disabled individuals and to promote linkages with industry and business. These are only a few of the Department's activities currently geared towards reducing unemployment and improving the productivity of disabled persons.

Other Federal departments and agencies are also actively involved in the training and employment of disabled persons. The Social Security Administration established priorities in 1986 on employer based initiatives and transitional employment for Supplemental Security Income recipients. It is also conducting a demonstration project to assess the effect of maintaining medical benefits on the incentive for seeking employment. The Developmental Disabilities Administration is promoting an employment initiative through projects of national significance, and the Department of Labor is conducting local training and employment programs for the handicapped through the Job Training Partnership Act and eight national level programs through the Employment and Training Administration. Organizations such as labor unions and coalitions of independent industries are also involved in preparing disabled persons for jobs. All of these efforts will serve to ultimately improve the short and long term employment potential of disabled participants.

TRAINING

Question: You are requesting $15 million for training, compared to the 1986 enacted level of $27 million. You state "we have inadequate evidence of personnel shortages to direct any additional funds toward alleviating particular shortages..."

This is at least the second and possibly the third year that we have urged you to come up with adequate documentation on how training funds are to be allocated to meet shortages of specific skilled personnel categories. And this is about the second or third year you have told us that you "are continuing efforts to collect better data on shortages."

Why is it so difficult to document accurately in which fields shortages of skilled personnel exist?

Answer: The difficulty in documenting shortages of skilled personnel stems from widespread disagreement about what constitutes supply and what represents a shortage. The supply of individuals available to provide a particular service is affected by salary levels which vary within and among States, certification and licensing requirements, substitutability among professions, geography, and lack of a clear definition of each occupation, to mention but a few factors. Although some data is available on shortages, the data is generally deficient because of methodological problems.

In order to obtain better information on shortages, we awarded a contract to Advanced Technology, Inc. to develop a data collection and validation design. We propose to use the results of their efforts in preparing a data collection instrument. Rather than strive for a system which would deal with all methodological and technical concerns and take years to develop, we have decided to implement a fairly simple data collection effort this summer predicated on the Advanced Technology, Inc. results. We will augment this data collection with key questions added to our State plan reporting requirements and our regional and State level assessments of training needs. The core data on shortages would be collected annually or biennially. It is anticipated that the development of this system will require the Department to carefully assess its role in the training of rehabilitation personnel and how Federal funds can be used to achieve an efficient and effective State/Federal rehabilitation service delivery system.

NATIONAL INSTITUTE OF HANDICAPPED RESEARCH

Question: You cite a long list of marvelous accomplishments on the part of the National Institute of Handicapped Research -- from publications such as "Competitive Employment for Persons with Mental Retardation" to the completion of a model for psychiatrically disabled youth to attend college; to the development of devices to improve the mobility of disabled persons. Last year, we appropriated $44 million to continue research to improve the lives of people of all ages with physical and mental disabilities, specially severely disabled persons. You propose to reduce funding for the institute for 1987 to $39 million, a $5 million decrease.

What projects, programs or activities do you propose to terminate or cut back in order to accomplish the funding reduction you propose?

Answer: We do not propose to terminate any programs or activities funded by the National Institute of Handicapped Research. Since funds will be available from projects which have concluded their project period in 1986, the Institute expects to be able to continue funding for all ongoing projects at least at their fiscal year 1985 funding level. However, the Institute would fund fewer field-initiated research projects and would reduce the number of new utilization and dissemination projects to accomplish the proposed reduction.

HELEN KELLER NATIONAL CENTER

Question: It is noted that even the Helen Keller National Center for Deaf-Blind Youths and Adults, which provides comprehensive training and rehabilitation services for the most severely disabled and disadvantaged deaf-blind youths and adults, did not escape the budget axe. We appropriated $4.3 million last year, which you propose to reduce by $100,000, to $4.2 million.

What sort of "savings" do you hope to achieve by cutting even such a small but extremely effective program by $100,000?

Answer: The proposed funding level for the Helen Keller National Center in 1987 is $4.2 million, the same as the 1985 level and $85,000 higher than the 1986 postsequestration level. This program is essentially being level funded. The center would serve approximately the same number of clients through the national headquarters as were served at both the 1985 level and the 1986 postsequestration level. Due to the establishment of additional regional offices and affiliated agencies in the network in recent years, the center has been able to increase its outreach activities and capacity to assist deaf-blind persons outside of the national facility. It is possible that the affiliated agency network and the regional offices will serve additional clients in 1987.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

COMPLIANCE MONITORING

Question: Mrs. Will, how much of the $335,000 estimated in travel next year under the Office of Special Education and Rehabilitative Services will be used for on-site monitoring visits?

Answer: For administrative purposes, travel is divided into the following categories: site-visits; information; training; speeches and presentations; conferences; relocation; and other. The category of site visits covers visits to particular sites to review grantee operations and evaluate their progress toward achieving program objectives; the carrying out of audits, inspections, or complaint investigations; and the conduct of negotiations. The information category includes travel to discuss general agency operations, the gathering or dissemination of information, and the provision of technical assistance. Actual expenditures for the Office of Special Education and Rehabilitative Services for the combined categories of site-visits and information were 74 and 76 percent of total travel for fiscal years 1984 and 1985, respectively. These are the two most recent years for which figures are available. We expect that the percentage of travel used for these purposes may increase slightly in 1986 and 1987.

Question: Last year you advised that 14 compliance reviews were planned for fiscal year 1986. Will you be able to meet this target in spite of the March 1 sequester order?

Answer: The sequester order has not affected our plans or ability to monitor and evaluate the programs which receive Federal funding. The 14 compliance reviews referred to in last year's testimony for fiscal year 1986 relate to comprehensive reviews of State plans as provided for under the Education of the Handicapped Act. We anticipate that 18 such reviews will be completed in fiscal year 1987.

In addition, the Rehabilitation Services Administration plans to conduct between 10 and 20 program administration and State agency management reviews in 1986. This does not include about 30 reviews of discretionary programs, including independent living, client assistance, transition, and supported employment projects. Ten reviews will also be conducted in connection with the Randolph-Sheppard program. RSA plans to conduct about the same number of reviews of these programs in 1987.

Question: How many on-site visits are planned in fiscal year 1987?

Answer: The Rehabilitation Services Administration will conduct about 20 program administration and State agency management reviews, about 30 discretionary program reviews, and 10 Randolph-Sheppard reviews in 1987. These reviews include a combination of interviews with State and program level administrators, reviews of documents and records, and site visits to State offices and programs. RSA staff maintain continuous contact with the programs in many ways to ensure that projects are meeting program objectives and to assist them in meeting these objectives. This includes numerous site visit and information contacts by regional office staff each year for the purposes of collecting and disseminating information and providing technical assistance. In addition, the Office of Special Education Programs will conduct approximately 18 comprehensive compliance reviews in 1987, which include site visits to programs where necessary.

NATIONAL REHABILITATION RATE

Question: The percentage of case closures deemed to be successful rehabilitations continues to rise each year. In 1983, for example, the percentage was 61.7; last year it was 64.2. Based on the data in the budget justifications, that means that 227,652 disabled individuals were placed in competitive employment last year. Is that correct?

Answer: While 227,652 persons were rehabilitated in fiscal year 1985, not all of them were necessarily placed into competitive employment. The rehabilitation rate refers to the number of persons whose cases were closed from active status that were considered to be successfully rehabilitated. Final totals on the work status of persons rehabilitated in fiscal year 1985 are not yet available. We expect to meet or exceed the 1984 rate. In 1984, over three quarters--79 percent--of the number of persons rehabilitated were placed into the competitive labor market. The other successful rehabilitants were placed as follows: six percent into sheltered workshops, three percent into self employment, 11 percent into homemaking, and less than one percent into unpaid family work. The homemaker closure in the rehabilitation program has been declining in recent years and is now at the lowest level ever recorded.

Question: The General Accounting Office feels that States tend to exaggerate the number of disabled people that have been successfully rehabilitated under the program. How can you be sure of the accuracy of these statistics?

Answer: It is not possible to ensure that every rehabilitation is properly classified, but we are encouraged by certain trends in the data reported by the States. First, there has been a dramatic decline in the homemaker closure in recent years. This is an area that General Accounting Office reports have shown to be a weakness in some State programs. Nationally, the homemaker closure has decreased from 15.7 percent in fiscal year 1981, one of the highest proportions ever, to only 11.1 percent in fiscal year 1984, the lowest proportion reported by the States. Early tabulations for fiscal year 1985 indicate another decline in this area. Second, certain groups of people with marginal disabilities have also declined in proportion in recent years. For example, clients listed with a dental condition as the major disabling condition once accounted for more than four percent of all rehabilitated persons. They now comprise less than one percent of the total.

The Department will obtain some measure of the validity of the data submitted by the States as part of a planning study on the impact of vocational rehabilitation. Data collected in this pilot study will be compared to data submitted by the States to the Rehabilitation Services Administration. This contract will be awarded toward the end of fiscal year 1986. The Department is also considering conducting a more comprehensive study on data validity and is looking at how such a study could best be conducted.

SPECIAL INSTITUTIONS

AMERICAN PRINTING HOUSE FOR THE BLIND

GALLAUDET COLLEGE

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

STATEMENTS OF:

CARSON Y. NOLAN, PRESIDENT, AMERICAN PRINTING HOUSE FOR THE BLIND

JERRY C. LEE, PRESIDENT, GALLAUDET COLLEGE

WILLIAM E. CASTLE, DIRECTOR, NATIONAL TECHNICAL INSTITUTE FOR THE DEAF, AND VICE PRESIDENT, ROCHESTER INSTITUTE OF TECHNOLOGY

ACCOMPANIED BY THOMAS P. SKELLY, DIRECTOR, BUDGET SYSTEMS DIVISION OFFICE OF PLANNING, BUDGET AND EVALUATION, DEPARTMENT OF EDUCATION

PREPARED STATEMENTS

Senator WEICKER. We will now hear from the American Printing House for the Blind, Dr. Carson Nolan; Gallaudet College, Dr. Lee; and the National Technical Institute for the Deaf, Dr. Castle.

Welcome, gentlemen. Your statements will be made part of the record in their entirety, if you would proceed to synopsize.

[The statements follow:]

STATEMENT OF CARSON Y. NOLAN

The American Printing House for the Blind was chartered by the Commonwealth of Kentucky in 1858 for the nonprofit manufacture of books and educational aids for use in the education of blind children in special schools for the blind. In 1879, the Congress passed an Act to Promote the Education of the Blind which, as amended, now enables the Printing House to provide educational materials for all blind students below college level throughout the United States, its territories, and possessions. The total request for 1987 is $5.5 million. Legislation has been proposed to terminate the small trust fund established by the 1879 statute. The $10,000 formerly provided by the annual interest of the trust fund has been added to the fiscal year 1987 request.

Educational Materials

The fiscal year 1987 request for educational materials is $5.0 million. It will supply an estimated 47,400 blind students with special educational materials. This number represents an increase of 1,600 students over fiscal year 1986. Of the 47,400 blind students, 40,200 are enrolled in grades twelve and below and 7,200 are enrolled in adult programs. The per capita allotment for fiscal year 1987 is $105.91, an increase of $1.02 over 1986.

Advisory Committees

The request of $140,000 for expenses for Advisory Committees is equivalent to the amount awarded in fiscal year 1986. This budget category covers the expenses of the two Advisory Committees which determine what books will be published and what new materials will be developed. But more importantly, it covers the cost of informing teachers and administrators about what materials are available, how they may be obtained, and how they are to be used, as well as the cost of the annual census of blind students conducted in January.

Educational and Technical Research

The request of $350,000 for educational and technical research is the same amount as allocated in 1986. These funds will serve as a base to enable the Printing House to develop needed educational materials in a variety of subject areas such as reading, mathematics, science, microcomputer applications, and for special groups such as the multihandicapped blind and preschool blind.

The American Printing House continues to serve a growing a complex group of blind students who require many different kinds of educational materials. As of January 1985, 33,547 legally blind students were registered through State departments of education, 4,708 were enrolled in residential schools, 1,557 were enrolled in programs for the multihandicapped, and 5,409 were enrolled in rehabilitation programs. Among these, 6,859 read braille, 16,093 were visual readers, 10,556 were auditory readers, 2,581 were prereaders, and 9,132 were nonreaders.

New educational materials and teaching aids are developed and produced each year to keep educational programs for these students current. In addition, reprints and reruns of older materials are made as required. The American Printing House maintains a finished goods inventory of $3,100,000 to ensure a timely delivery of special materials to educational programs.

In the last twelve months, progress has been made in a number of areas. Some of these are as follows:

1. Using funds donated by the public, we have improved our operations through:
    a. Acquisition of a second computerized, high-speed braille platemaker;
    b. Upgrading of our electroplating operations;
    c. Continued upgrading of printing equipment for short-run large type textbooks; and
    d. Continuing the installation of a computerized business management system for all financial, distributive, and manufacturing functions.
2. New products made available, in addition to the usual new textbooks in braille and large type, include:
    a. A kit to teach blind students to use the Apple IIe microcomputer;
    b. Thirty-five computer-assisted instructional software programs which we have converted to spoken output;
    c. Three educational software programs with spoken output, created especially for the blind;
    d. An adapter kit for microcomputers to provide better control of spoken output; and
    e. An improved portable disc player for Talking Books.
3. We established a new position of microcomputer systems programmer and hired a qualified blind person to fill it.

We continue to make steady progress in meeting the educational needs of blind children. Recent progress is described in the 1985 Annual Report of the American Printing House, copies of which we have sent to Committee members.

Mr. Chairman, I will be glad to answer any questions concerning this budget request.

Biography of Carson Y. Nolan

POSITION : President
American Printing House for the Blind

BIRTHPLACE AND DATE : Indianapolis, Indiana, October 21, 1925

EDUCATION : University of Kentucky, 1950, B.S. and M.A.
Washington University, 1953, Ph.D.

EXPERIENCE

PRESENT : President, American Printing House for the Blind
Louisville, Kentucky

1976-1979 : Vice President and General Manager
American Printing House for the Blind
1958-1976 : Director, Department of Educational Research
American Printing House for the Blind
1960-1972 : Adjunct Associate Professor, Department of Psychology, University of Louisville
1956-1958 : Research Scientist, Human Resources Research Office, Fort Knox, Kentucky
1953-1956 : Director, Field Unit 1, Air Force Personnel and Training Research Center, Forbes Air Force Base, Kansas

ASSOCIATION MEMBERSHIP : American Association of Workers for the Blind
Association of Education of the Visually Handicapped
The Council for Exceptional Children

PUBLICATIONS: Over 100 professional monographs, chapters, and articles

Statement of Jerry C. Lee

I am pleased to present to this Committee the President's 1987 budget request for Gallaudet College, including the Model Secondary School for the Deaf (MSSD) and the Kendall Demonstration Elementary School (KDES). The President's 1987 budget request is $60.7 million for these three programs.

This significant level of support continues to recognize the important contribution that a Gallaudet education has made in the lives of many deaf individuals; a contribution that has helped improve the quality of their lives, in direct contrast to the plight facing many disabled Americans. The recent Harris poll performed for the National Commission on the Handicapped depicted a disturbing story. This survey of 27 million disabled Americans showed that most (a) are under-educated, (b) are under - or unemployed, (c) have incomes at the poverty level, and (d) have low self-esteem. Gallaudet has been an island of hope for deaf persons and has contributed to a reversal of this disappointing trend. The College's graduates are:

- Substantially well-educated with 42 percent of its bachelor-degree holders going on to graduate school, and many completing both master's and doctoral degrees,
- effectively well-employed with an unemployment rate below that of the national average,
- earning family incomes substantially over that of the national median, and
- participating fully in community organizations and affairs, thereby projecting a strong sense of self-worth.

The fiscal year 1987 request helps to continue this tradition. Subsequent to the 1986 proposed rescission of $446,000, the 1987 request of $60.7 million represents an increase of $1.8 million over fiscal year 1986. One million dollars of the requested increase is for a matching endowment program and the balance ($848,000) will be used for operations. MSSD and KDES will be funded at $12.2 million and $6.7 million respectively.

The College

The increase in operating funds will be used to support the salary program for employees at Gallaudet College. The increase represents approximately two percent of the College's payroll. With respect to other built-in costs, continuing efforts at energy conservation, as well as the lower cost of fuel oils, will allow the College to hold its annual energy costs stable.

The matching endowment program will help supplement the College's growing fundraising efforts. During the past year the College has experienced an increased level of corporate contributions, greater participation from the constituent groups served, and a growing awareness among private funding sources that Gallaudet is an organization which provides a significant return on their investment.

This appropriations process follows the recent General Accounting Office audit of Gallaudet and several other programs serving the deaf. The resulting report clearly describes the components which comprise the costs of education at Gallaudet. It also has identified the outcomes of this cost in terms of positive values: a high retention rate, high grade point averages, high placement rates and unique comprehensive services beyond provision for the resident student body.

The College will continue its current and past practice of focusing on effective resource control. Cost efficiency will increase as the campus continues to adjust to a philosophy of doing more with less. At the same time, the Nation can expect from Gallaudet an unwavering effort to improve all mission-oriented programs in instruction, research, service and outreach.

Model Secondary School for the Deaf and Kendall Demonstration Elementary School

Both of these schools receive total funding for programs and facilities from the Federal Government. In fiscal year 1987, the request is for continued support at the same level only if rescissions take place for instruction, research and demonstration at MSSD and KDES. Any salary increases provided for MSSD and KDES employees will be funded through efficiencies achieved in general institutional support.

The fiscal year 1987 request of $12.2 million for MSSD and $6.7 million for KDES provides the necessary funding to continue the exemplary instructional programs and the development of necessary research and dissemination materials for use by programs serving the deaf throughout the country. The instructional techniques developed at KDES and MSSD continue to yield positive results as demonstrated by students who leave the school with test scores well above national norms. In addition to continuing the distribution of curricular products and services both to residential and mainstream public school programs, MSSD and KDES will serve an increasing number of multi-handicapped students and will establish cooperative integration arrangements with several major public school systems.

Mr. Chairman, I thank the Committee for this opportunity today and welcome your questions.

BIOGRAPHY OF JERRY C. LEE

POSITION	: President, Gallaudet College, Washington, D.C.
BIRTHPLACE AND DATE	: November 21, 1941
EDUCATION	: Virginia Polytechnic Institute & State University, 1977, Ed.D.; 1975, M.A. West Virginia Wesleyan College, 1963, B.A.
SUPPLEMENTARY EDUCATION	: University of Baltimore, School of Law, 1967-1969 West Virginia University, Graduate School of Industrial Relations, 1963-1964
EXPERIENCE	:
PRESENT	: President, Gallaudet College
1982-1984	: Vice President for Administration and Business, Gallaudet College
1978-1982	: Assistant Vice President for Business Affairs, Gallaudet College
1971-1977	: Director of General Services (Business/Administration), Gallaudet College

1965-1971 : Vice President for Administration, Commercial Credit Industrial Corporation

1964-1965 : Management Trainee/Industrial Relations Administrator,
General Motors Corporation, Fisher Body Division

MILITARY : U.S. Army Reserve, 1966-1972

ASSOCIATION MEMBERSHIPS : American Management Association
American Association of School Administrators
National Association of College and University Business Officers
College and University Personnel Association
Association of School Business Officials
National Association of Public Employer Negotiators and Administrators
American Association of University Professors
Bureau of National Affairs 1963-1984 Personnel Policies Forum
American Association of State Colleges and Universities

SPECIAL MEMBERSHIPS : Sertoma Foundation National Advisory Committee
Sertoma Life Member
District of Columbia Special Olympics Honorary Board of Directors
Rehabilitation International, USA, Board of Directors
People-to-People, Board of Directors
Deafness Research Foundation, Board of Directors
National Association of College Auxiliary Services, Journal Advisory Board
Consortium of Universities of the Washington Metropolitan Area, Executive Committee

HONORS : Distinguished Alumni Award, Virginia Polytechnic Institute and State University, 1985
United National Association of USA, Advancement of Human Rights and Fundamental Freedoms Award
Honorary President, Council for Better Speech and Hearing Month
National Association of College Auxiliary Services Excellence in Journalism Award
Alph Sigma Pi, Man of the Year Award, 1983-84
Gallaudet College Alumni Association President's Award
Gallaudet Community Relations Award
Who's Who in the East, 1975
National Association of College and University Business Officers, U.S. Steel Foundation Cost Reduction Incentive Award
Bureau of National Affairs Personnel Policies Forum Sportsmanship Award (High School)

PUBLICATIONS : "Techniques for Handling Discrimination Charges," The School Administrator, American Association of School Administrators. (May 1984)

Inaugural Address. Gallaudet Today. Gallaudet College, Washington, D.C. (October 1984)

"Deafness: The Next Ten Years," Journal of Rehabilitation, Vol. 51, No. 4; October/November/December 1985.

MAJOR SPEECHES & PRESENTATIONS: Leadership Characteristics. Address presented at Virginia Polytechnic Institute and State University, College of Education Day. Blacksburg, Virginia. October 1985

Deaf Education in America. Presentation to the Chicago Laryngological and Otological Society. Chicago, Illinois. March 1986.

STATEMENT OF WILLIAM E. CASTLE

I am pleased to present the President's 1987 budget request for the National Technical Institute for the Deaf.

The National Technical Institute for the Deaf at the Rochester Rochester Institute of Technology (NTID at RIT) was created by Congress to provide postsecondary technical education for the Nation's young deaf people to prepare them for successful employment. NTID trains professional staff to serve the Nation's deaf population and conducts research into educational achievement, communications, personal/social instruction, economic and employment aspects of deafness. The 1987 request for the National Technical Institute for the Deaf is $31.4 million, which includes $1.0 million to create an endowment matching grant.

The specifics of the fiscal year 1987 request follow.

Operations

The fiscal year 1987 request for operations is $30.4 million. Of the requested amount $28.9 million is for the base program, a decrease of $30,000 from the 1986 postsequester level. This level of funding will provide the same level of Federal subsidy, as a proportion of total funding, as the 1986 funding level. For costs of educating increased numbers of students associated with the rubella epidemic of 1963-65, $1.5 million is provided, a decrease of $214,000 from the 1986 postsequester level. The rubella epidemic of 1963-1965 doubled the incidence of babies born deaf throughout the United States during that period. Those children are now applying to or attending postsecondary institutions. The decreased funding reflects a decline in the rubella enrollment.

This past year NTID received 911 applications and had a fall 1985 entering class of 426. Projections for the fall of 1986 (fiscal year 1987) indicate that of the approximately 700 applicants, an estimated 363 will be eligible for admission. Of this number, NTID will admit an estimated 225 new students. The approximately 138 remaining will be placed on a waiting list. Those applicants who do not choose alternative postsecondary pursuits will be accommodated through the course of the year as openings occur, as has been the case in the past, or be the first admitted in the fall of 1987.

The 1987 request for operations would support academic programs in the areas of career development, research, training, and information dissemination.

Career Development

The education provided at the National Technical Institute for the Deaf transcends that which is typically provided by a traditional technological institution by dealing with personal/social and communication setbacks that the deaf may experience. Through a coordinated system of direct instruction and support services such as tutoring, notetaking, instructional technology development and career counseling, the Institute strives to offer educational programs geared to the specific needs of each student. This approach has proven highly successful since historically more than 94 percent of our graduates who seek employment have been placed in jobs within six months of their graduation. Over their lifetimes, these same people are expected to pay back to the Federal Government in the form of taxes over 400 percent of the original investment in their education.

Research

NTID will continue to support applied research in the technical and general education of the deaf population. Research is conducted in the areas of speech, audiology, manual communication, visual information processing, use of the English language, personal/social accommodation, cognitive strategies, career development and decision-making, educational support services, instructional technology, the characteristics of NTID's target population, and the accommodation of graduates in the workplace. NTID will also focus a major effort on reporting of NTID proven products, procedures, and systems which have broad-based impact to other organizations with deaf education responsibilities.

The primary focus of NTID's research efforts has not deviated from the direction set forth in the 1965 Department of Health, Education, and Welfare report on the educaiton of the deaf. In that report, it was suggested that the

> "...unsatisfactory state of education of the deaf cannot be attributed to any lack of dedication of those who teach and work with the deaf. The basic explanation lies in our failure to launch an aggressive assault on some of the basic problems of language learning of the deaf through experience or well-planned and adequately supported research, and in our failure to develop more systematic and adequate programs for educating the deaf at all levels."

In the foreseeable future, complete solutions to some of these age-old problems are beyond the scope of NTID's research efforts, but NTID has already received a number of benefits from its research efforts and as a result, students are leaving NTID better prepared for their future. In addition, research findings which can provide assistance to professionals and educators working with the deaf will continue to be disseminated through workshops and publications.

Training

Continued emphasis will be placed on training programs for professionals, graudates, interns, counselors, job placement specialists, and interpreters. In 1982, NTID began an Associate Degree program for interpreters which has been expanded from 15 to 60 students per year. Training efforts at the Institute have increased significantly recently and will continue to increase as the existing programs are revised and refined, and as other educational institutions look to NTID for guidance in developing programs to comply with Public Law 94-142 and Section 504 of the Rehabilitation Act of 1973. Preservice training for teachers of the deaf will continue in conjunction with the University of Rochester, and in-service training will be provided through faculty exchanges, internships and fellowships.

Information Dissemination

NTID will continue sharing educational techniques and processes, research findings, and training techniques with other educational programs for the deaf.

Among other products for dissemination, the award winning quarterly publication, Focus, is currently distributed to more than 17,000 professionals in deaf education, business, and government, providing them with a greater awareness and appreciation of the capabilities of our Nation's deaf citizens. Also our Product Catalogue, featuring NTID-produced research and teaching materials, has received an outstanding response.

Endowment Grant

The $1.0 million endowment grant represents a first-time request. NTID will receive these funds as it raises additional endowment funds from non-Federal sources on a dollar for dollar matching basis. In addition, the Institute can spend up to fifty percent of the income derived from the investment of the funds for operating purposes. The use of the endowment approach is an important step toward ending NTID's dfependence on Federal funding in future years.

Summary

In summary, the 1987 request is designed to continue the National Technical Institute for the Deaf's commitment to the achievement of equal opportunities for the handicapped and to meet the challenge brought about by the rubella epidemic of the early 1960s. In the Institute's brief history, it has been shown that young deaf adults can overcome the consequences of their handicap and become contributing members of society.

Mr. Chairman, I will be pleased to answer any questions you may have.

Biography of William E. Castle

POSITION : Vice President for Government Relations, Rochester Institute of Technology; Director, NTID

BIRTHPLACE AND DATE : Thomas, South Dakota; September 5, 1929

EDUCATION : Northern State Teacher College, 1951, B.S.
State University of Iowa, 1958, M.A.
Standford University, 1963, Ph.D.

EXPERIENCE :

pRESENT : Vice President, Government Relations - RIT
Director - NTID

Sept. 1979 : Vice President, R.I.T.
Director, N.T.I.D.
1977-1979 : Dean and Director, N.T.I.D.
1966-1977 : Dean, N.T.I.D.
1968-1969 : Assist. to the V.P. & Director of Division of Instructional Affairs, National Technical Institute for the Deaf
1965-1968 : Assoc. Secretary for Research & Scientific Affairs, American Speech and Hearing Association
1963-1965 : Assistant Professor, Speech Pathology & Audiology, University of Virginia
1961-1963 : Instructor, English, Experimental Phonetics Lab, Stanford University
Summer 1961: Instructor, Speech Correction, Central Washington State College
1960-1961 : Instructor, English, Experimental Phonetics Lab, Stanford University
1958-1960 : Instructor, Speech Correction, St. Cloud State College
Summer 1956: Customers Broker, Frank P. Dow Company
1952-1956 : Communications Specialist, United States Air Force
1951-1952 : Secondary Teacher, English & Speech, Faulkton High School

ASSOCIATION MEMBERSHIPS: Academy of Rehabilitative Audiology
Acoustical Society of America
Alexander Graham Bell Association for the Deaf, Inc. (Life Membership - currently serve as Past President)
American Association for the Advancement of Science
American Association of Community and Junior Colleges
American Association of Higher Education
American Association of Phonetic Sciences
American Association of School Administrators
American Deafness and Rehabilitation Association
American Speech-Language-Hearing Association
Association for Equality and Excellence in Education, Inc.
Association on Handicapped Student Service Programs in Postsecondary Education

Conference of Educational Administrators Serving the Deaf, Inc.
Convention of American Instructors of the Deaf
Council for Exceptional Children
Council on Education of the Deaf
Empire State Association of the Deaf
GeVA Theatre
International Association of Parents of the Deaf, Inc.
International Society of Phonetic Sciences
Monroe County Association for Hearing Impaired
Nathaniel Rochester Society
National Association of the Deaf
National Organization on Disability
National Organization for Women
National Rehabilitation Association
New York State Association of Junior Colleges
New York State Speech & Hearing Association
Opera Theatre of Rochester
Registry of Interpreters for the Deaf
Rochester Museum and Science Center
Rochester Philharmonic
Smithsonian Institution
Telecommunications for the Deaf, Inc.
World Federation of the Deaf

PUBLICATIONS:

Castle, W. E. "Mainstreaming Techniques for Hearing Impaired Students - What Ten Years Have Taught Us," Presented at the First Annual Conference of the Massachusetts Office on Deafness, October, 1978.

PUBLICATIONS:

Castle, W. E. "Roads to Independence," Presented at the West Coast Family Outing of the Alexander Graham Bell Association of the Deaf, November, 1978.

Castle, W. E. "Recent Developments in Vocational Education for the Deaf in the U.S.A." Presented at the 8th World Congress of the World Federation of the Deaf, Varna, Bulgaria, June, 1979.

AMERICAN PRINTING HOUSE FOR THE BLIND

BUDGET REQUEST

Dr. NOLAN. The total request for 1987 is $5.5 million. Legislation has been proposed to terminate the small trust fund established by the 1879 statute. The $10,000 formerly provided by the annual interest of the trust fund has been added to the fiscal year 1987 request.

The fiscal year 1987 request for educational materials is $5 million. It will supply an estimated 47,400 blind students with special educational materials. This number represents an increase of 1,600 students over fiscal year 1986. The per capita allotment for fiscal year 1987 is $105.91, an increase of $1.02 over 1986.

The request of $140,000 for expenses for advisory committees is equivalent to the amount awarded in fiscal year 1986.

The request of $350,000 for educational and technical research is the same amount as allocated in 1986. These funds will serve as a base to enable the Printing House to develop needed educational materials in a variety of subject areas such as reading, mathematics, science, microcomputer applications, and for special groups such as the multihandicapped blind and preschool child.

The American Printing House continues to serve a growing and complex group of blind students who require many different kinds of educational materials. As of January 1985, 33,547 legally blind students were registered through State departments of education, 4,708 were enrolled in residential schools, 1,557 were enrolled in programs for the multihandicapped, and 5,409 were enrolled in rehabilitation programs. Among these 6,859 read Braille, 16,093 were visual readers, 10,556 were auditory readers, 2,581 were prereaders, and 9,132 were nonreaders.

We continue to make steady progress in meeting the educational needs of blind children. Recent progress is described in the 1985 annual report of the American Printing House, copies of which we have sent to committee members.

Mr. Chairman, I will be glad to answer any questions concerning this budget request.

Senator WEICKER. Thank you very much.

Dr. Lee.

GALLAUDET COLLEGE

BUDGET REQUEST

Dr. LEE. The President's 1987 budget request is $60.7 million for our programs.

Subsequent to the 1986 proposed rescission of $446,000, the 1987 request of $60.7 million represents an increase of $1.8 million over fiscal year 1986. One million dollars of the requested increase is for a matching endowment program and the balance will be used for operations. The Model Secondary School for the Deaf and the Kendall Demonstration Elementary School will be funded at $12.2 million and $6.7 million respectively.

The increase in operating funds will be used to support the salary program for employees at Gallaudet College. The increase represents approximately 2 percent of the college's payroll. With respect to other built-in costs, continuing efforts at energy conservation, as well as the lower cost of fuel oil, will allow the college to hold its annual energy costs stable.

The matching endowment program will help supplement the college's growing fundraising efforts. During the past year the college has experienced an increased level of corporate contributions, greater participation from the constituent groups served, and a growing awareness among private funding sources that Gallaudet is an organization which provides a significant return on their investment.

This appropriation process follows the recent General Accounting Office audit of Gallaudet and several other programs serving the deaf. The resulting report clearly describes the components which comprise the costs of education at Gallaudet. It also identified the outcomes of this cost in terms of positive values—a high retention rate, high grade point averages, high placement rates and unique comprehensive services beyond the provision for the resident student body.

The college will continue its current and past practice of focusing on effective resource control. Cost efficiency will increase as the campus continues to adjust to a philosophy of doing more with less. At the same time, the Nation can expect from Gallaudet an unwavering effort to improve all mission-oriented programs in instruction, research, service, and outreach.

MODEL SECONDARY SCHOOL FOR THE DEAF AND KENDALL DEMONSTRATION ELEMENTARY SCHOOL

The Model Secondary School for the Deaf [MSSD] and the Kendall Demonstration Elementary School [KDES] receive total funding for programs and facilities from the Federal Government. In fiscal year 1987, the request is for continued support at the same level only if rescissions take place for instruction, research and demonstration at MSSD and KDES. Any salary increases provided for MSSD and KDES employees will be funded through efficiencies achieved in general institutional support.

The fiscal year 1987 request of $12.2 million for MSSD and $6.7 million for KDES provides the necessary funding to continue the exemplary instructional programs and the development of necessary research and dissemination materials for use by programs serving the deaf throughout the country.

The instructional techniques developed at KDES and MSSD continue to yield positive results as demonstrated by students who leave the schools with test scores well above national norms. In addition to continuing the distribution of curricular products and services both to residential and mainstream public school programs, MSSD and KDES will serve an increasing number of multihandicapped students and will establish cooperative integration arrangements with several major public school systems.

Mr. Chairman, I thank the committee for this opportunity today and welcome your questions.

Senator WEICKER. Thank you.

Dr. Castle.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

BUDGET REQUEST

Dr. CASTLE. Mr. Chairman and members of the committee: I am pleased to present the President's 1987 budget request for the National Technical Institute for the Deaf. The 1987 request for the National Technical Institute for the Deaf is $31.4 million, which includes $1 million to create an endowment matching grant.

The fiscal year 1987 request for operations is $30.4 million. Of the requested amount $28.9 million is for the base program, a decrease of $30,000 from the 1986 postsequester level. This level of funding will provide the same level of Federal subsidy, as a proportion of total funding, as the 1986 funding level. For costs of educating increased number of students associated with the rubella epidemic of 1963–65, $1.5 million is provided, a decrease of $214,000 from the 1986 postsequester level.

The 1987 request for operations would support academic programs in the areas of career development, research, training and information dissemination.

The $1 million endowment grant represents a first-time request. NTID will receive these funds as it raises additional endowment funds from non-Federal sources on a dollar-for-dollar matching basis. In addition, the Institute can spend up to 50 percent of the income derived from the investment of the funds for operating purposes. The use of the endowment approach is an important step toward ending NTID's dependence on Federal funding in future years.

In summary, the 1987 request is designed to continue the National Technical Institute for the Deaf's commitment to the achievement of equal opportunities for the handicapped and to meet the challenge brought about by the rubella epidemic of the early 1960's. In the Institute's brief history, it has been shown that young deaf adults can overcome the consequences of handicap and become contributing members of society.

Mr. Chairman, I will be pleased to answer any questions you may have.

EFFECTS OF GRAMM-RUDMAN-HOLLINGS

Senator WEICKER. Dr. Nolan, how have contracts that the Printing House has with the Library of Congress and other Federal agencies been affected by the 1986 reductions due to Gramm-Rudman-Hollings?

Dr. NOLAN. They have been reduced by approximately $400,000.

Senator WEICKER. How are those reductions being absorbed?

Dr. Nolan. They are being absorbed by reducing our employment. We have, at this moment, 25 employees who are on lay-off.

DISABLED EMPLOYMENT

Senator Weicker. How many disabled persons are employed by the Printing House?

Dr. Nolan. Of our present employment of 375 people, 63 are handicapped in some way. It is in excess of 15 percent.

Senator Weicker. Are you still seeking out the disabled, the qualified blind?

Dr. Nolan. We are seeking out all qualified disabled, but blind in particular because of the interest that has existed in this area.

SERVICE TO ADDITIONAL BLIND PERSONS

Senator Weicker. Your budget request to us for 1987 is the same as was appropriated in 1986, $5.5 million, and yet you tell us that you will be able to serve an additional 1,600 blind persons over 1986 and that you will be able to increase the per capita allotment to $105.91, an increase of $1.02 over 1986. How will you be able to accomplish this increased level of service with the same number of dollars as last year?

Dr. Nolan. The increase is over the remainder, after the sequestered amount was removed. In fact, the additional people will receive fewer materials.

RUBELLA STUDENTS

Senator Weicker. Dr. Lee, the budget documents for the National Technical Institute for the Deaf explain that the number of rubella students is decreasing, but for Gallaudet, the number of rubella-related students is expressed as remaining the same.

Which is it? Are the numbers of rubella-related deaf students actually decreasing, or are they choosing to attend Gallaudet rather than the National Technical Institute for the Deaf?

Dr. Lee. Yes, sir; the rubella-related enrollment should remain stable until about 1989 at the undergraduate level, and then we would expect a number of these students will enter the graduate program during the early 1990's.

LONG-TERM FUNDING PLAN

Senator Weicker. It is our understanding, from a recent GAO report, that the Department will conduct an analysis to aid Gallaudet in determining means of controlling expenditures and increasing non-Federal revenues as part of the Department's long-term plan to help Gallaudet reduce its dependence on Federal funds. What is the status of the analysis, and what is the long-term plan?

Dr. Lee. I can't speak for the Department, but Gallaudet's plan is to increase our private contributions, and we have done so. Last year, we raised about $1.5 million in private funds, and we expect this effort to increase.

Mr. SKELLY. Mr. Chairman, part of the Department's long-term plan is to use the endowment proposal that is in the budget this year to enable Gallaudet to get up to $1 million of non-Federal support annually. The money would go into an endowment fund that could be used 20 years later, and in the meantime income from the endowment could be used to support operations.

ENDOWMENT

Senator WEICKER. Do you all think that this endowment situation is going to work?

Dr. LEE. They are putting $1 million on the table, if we can match it, and we are going to be very aggressive in trying to raise an equal amount of money.

The plan, as I understand it, restricts useable income off of that endowment to a limit of 50 percent, so Gallaudet cannot depend solely on the Government endowment to match the program.

Mr. SKELLY. It has worked very well at Howard University where we started this program 2 years ago, and also with the title III developing institutions of the Higher Education Act.

Senator WEICKER. It seems to me that there is somewhat of a difference here between those who graduate from Gallaudet, let's say, who have a pretty difficult road to hoe as it is, and those who graduate from normal college programs and go on to earn a great deal of money, which they can go ahead and contribute to their alma mater.

I have to question whether or not that kind of money is going to be available, or will be made available by the graduates of Gallaudet.

Mr. SKELLY. Many of the contributions that we would anticipate under the endowment proposal would be made by corporations and other organizations, and not solely by individuals. That is what has happened, I believe, at Howard University. It is not all individual contributions, but rather corporate, business, and foundation contributions.

GEOGRAPHIC MIX OF ENROLLMENT

Senator WEICKER. It has been a question in the past as to whether Gallaudet is a national school in the sense that it recruits and serves students from all over the Nation or whether it primarily serves students only from the East.

Do you believe that all deaf students seeking higher education opportunities have access to your institution, regardless of where they live in the United States?

What is the geographic mix of your undergraduate enrollment?

Dr. LEE. I will be glad to submit that for the record, Senator, but we do recruit and enroll students from all 50 States. A significant percentage does come from the Eastern States. Our enrollment is now about 2,100 students.

Senator WEICKER. Your budget documents explain that for the past 3 years, enrollment levels at the Secondary School have not reached the original planned enrollment of 425, and that even as of February 2 of this year enrollment was 382. Why has actual enrollment lagged behind projections?

Dr. LEE. I think that this enrollment level reflects the demographics. The MSSD's enrollment has flattened out at about 400 students. We had 390 last fall, and we expect another 400 this fall. The ideal number would be a range from 400 to 450 students.

Mr. SKELLY. Many students now have mainstream alternatives to a school like Model, since those alternatives have been established in response to Public Law 94–192, and they oftentimes will prefer to stay in their local districts, rather than to come into Washington.

AFFIRMATIVE ACTION AT NTID

Senator WEICKER. I have further questions for response to the record.

At NTID, you note progress in affirmative action hiring at the Institute, in raising the proportion of minorities on your staff from about 3.25 percent to 4.6 percent.

What is the status of minority student enrollment at the Institute?

Dr. CASTLE. Since fiscal year 1981, the percentage of minority students has moved from 5.6 percent to 8.3 percent in fiscal year 1986. We are anticipating that by 1990 we will have that increased to the level of 10 percent.

REDUCTION IN STAFF AND STUDENTS

Senator WEICKER. You indicate a proposed decrease of 26 faculty positions made possible, you state, by a reduced number of students with rubella-related deafness. What is more alarming, however, is your projected decrease in the number of entering freshmen, from 426 in 1985 down to 185 in 1987. Your total number of acceptances would be down from 673 in 1985 to 490 in 1987, and your total enrollment would decrease by 207. Yet, your waiting list would increase from 37 in 1985 to 138 in 1987.

Maybe you can sort those figures out for me.

Dr. CASTLE. That is based upon the fact of the level that is being proposed at $30,380,000. This is considerably below the level that was originally requested by NTID in order to serve the full number of qualified deaf students in fiscal year 1987. The number of 138 who would be put on the waiting list are certainly students who could be brought into the institution if we were granted a level of funding higher than $30,380,000.

One of the ways of dealing with that lesser appropriation level is to have to cut back by 26 full-time equivalent members of our faculty, and that would mean 138 of the prospective students who would not be served.

Senator WEICKER. Mr. Skelly, how do you respond to that?

Mr. SKELLY. Mr. Chairman, this is again, as you were discussing earlier with other programs, a result of the overall funding level. As part of a budget strategy only, the NTID level has been maintained, in this case, at $31.4 million. It is again the budget strategy that has prevailed here.

There are other reasons, I think, here at NTID that indicate that the number of eligible students that they have, in general, is going down, because the rubella bulge has climaxed and the number of deaf students is trending downward.

Senator WEICKER. That may be, but they still have people on the waiting list. Is that right?

Mr. SKELLY. That is right.

PROPOSED ENDOWMENT PROGRAM

Senator WEICKER. This is in the year that I am discussing. This is going on while we are starting this endowment program; is that right?

Mr. SKELLY. That is right. We have frozen the level at $31.4 million, of which $1 million would be for the endowment proposal.

Senator WEICKER. Maybe we ought to give this million to the people who are on the waiting list. I am not against an endowment concept, I might add; there may be some value in it.

Mr. SKELLY. We did that, in fact, in response to some of the comments you made at last year's hearing on Gallaudet and NTID. We managed to successfully persuade OMB of the need for the endowment proposal, but we didn't feel that there was a justification to go higher on the total amount of money.

SUMMER VESTIBULE PROGRAM

Senator WEICKER. In 1985, 359 students participated in something called the Summer Vestibule Program. What is this program, and why is it scheduled to be terminated?

Dr. CASTLE. The program is one that has been in place for the last 12 years for all new students being brought to NTID. It is basically a 4-week program designed to be an orientation program for the deaf students to be enrolled, learning about the new campus, and sampling the technical career programs that would be available to them.

Some 50 percent of our students come to us having no really firm idea of what field they may want to go into.

The reason that it is projected as being eliminated is again because of the appropriations level. We would have to find ways of dealing with that, and one of the ways is to eliminate $450,000 which would be the cost of the Summer Vestibule Program for the coming summer.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. I have further questions for response to the record for you, and I thank you very much for your time.

Dr. CASTLE. Thank you, Senator.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

Questions Submitted by the Subcommittee

AMERICAN PRINTING HOUSE FOR THE BLIND

ORIGINAL REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries, other senior officers responsible for Department programs, and the heads of the Special Institutions to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options and much consultation at the staff level. APHB submitted budgets and priority statements for $5,763,000; $5,510,000; and $5,963,000. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for APHB was $5.731 million. The final President's Budget of $5.510 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

Question: How have contracts that the Printing House has with the Library of Congress and other Federal agencies been affected by 1986 reductions due to Gramm-Rudman-Hollings?

Answer: Our contracts with Federal agencies have been reduced about $475,000.

Question: How are these reductions being absorbed?

Answer: We have adjusted to this reduction by laying off 15 production and supervisory personnel.

HANDICAPPED WORKERS

Question: The Committee expressed some concern last year with regard to the number of disabled persons employed by the Printing House. How many disabled persons are now on staff at the Printing House?

Answer: The policy of the American Printing House for 128 years has been to hire blind and other handicapped persons for any job for which they are qualified.

Our current employment is 395 of whom 25 are on layoff. Of the 270 active employees, 63 are handicapped. These include blind, deaf, orthopedically handicapped, mentally retarded, and others.

Question: What plans do you have for the future for seeking out and hiring qualified blind or otherwise disabled people?

Answer: We plan to continue our policy which is to hire any handicapped persons for jobs for which they are qualified. We currently circularize a large number of handicapped groups and institutions for this purpose.

LEVEL OF SERVICE

Question: Your budget request to us for 1987 is the same as was appropriated in 1986 -- $5,500,000. Yet, you tell us you will be able to serve an additional 1,600 blind persons over 1986 and that you will be able to increase the per capita allotment to $105.91, an increase of $1.02 over 1986. How will you be able to accomplish this increased level of service with the same number of dollars as last year?

Answer: The increase in per capita of $1.02 over FY 1986 is based on comparing our FY 1987 request with the reduced FY 1986 amount resulting from the Gramm-Rudman-Hollings sequester.

APHB OPERATIONS

Question: Last year you explained that the Printing House was operating at a deficit. Is this still the case? If so, why?

Answer: No, this is not the case. As of February 1986, the income statement for the Printing House showed a small profit.

Question: What do you anticipate that your deficit will be at the end of fiscal year 1986?

Answer: We expect to complete our current fiscal year ending June 30th at no loss.

NUMBER OF EMPLOYEES

Question: You indicate a considerable drop -- 9.3 percent -- in the number of employees at the Printing House since 1985. What has been the impact on program operations?

Answer: The reduction in number of employees reported between 1985 and 1986 was 40. Of these, 35 were premanently lost through retirement, resignation, or termination. There has been little effect on our operations because their efforts have been replaced through more efficient work processes.

Question: Were these employees laid off?

Answer: Five of the 40 were laid off and 35 were lost permnently through retirement, resignation, or termination. In addition, 20 were laid off because of Gramm-Rudman-Hollings, for a total of 25 now on layoff.

Question: What jobs were they performing?

Answer: Employees are currently on layoff from our braille, large type, and recording operations.

Question: Do you plan further reductions?

Answer: We do not plan further reductions, but further reductions in contracts or other sales as a result of Gramm-Rudman-Hollings or any other factor must necessarily be followed by a further reduction in our workforce. In addition, we will begin to drop products from our inventory, if sales do not pick up.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

HANDICAPPED EMPLOYEES

Question: Dr. Nolan, last year you reported that only 18 of the Printing House's 409 employees were blind, and none of these individuals served in any executive or professional capacity. That's pretty dismal. Has the situation changed since then?

Answer: Our current employment is 395 persons with 25 persons now on lay off. Of our 370 active employees, 20 are blind, an increase of two over last year. In addition, two blind persons are employed as independent owners and operators of our lunch room, and during the year we employed 15 additional blind persons as paid part-time consultants.

There is only one blind person of working age for every one-thousand persons in the U. S. population. Consequently, our proportion of active blind employees is 50 times that.

Question: The budget justifications reflect an increase of one position next year on your administrative or professional staff. Are you making any attempt to seek out a qualified blind person for this position?

Answer: We hired a blind person as a systems programmer last summer to fill this position.

Question: Why is the number of blind persons permanently employed by the Printing House so low? I understand similar operations such as the National Braille Press employ anywhere between 30 and 60% of the visually impaired. Why can't you do better?

Answer: We do not feel that employing members of a group of people at a ratio of 50 times their occurrence in the U. S. population is low. We employ blind persons in any job for which they are qualified. We actively solicit blind applicants.

The National Braille Press and the American Printing House are not comparable with respect to proportion of blind employment. They produce only braille materials in very limited quantities and often under special circumstances. Braille printing is 20% of our production, large type printing is 11%, production of recordings is 28% and production of tangible tools, aids, and supplies is 41%. Twenty percent of our workers in braille production are blind. Qualifications for most of our jobs are such that blind persons are not eligible.

We make every possible effort to hire blind persons for all jobs for which they are qualified. However, in recent months we had almost no job openings.

Question: To the best of your knowledge, has the Printing House ever hired the blind in any executive or administrative position?

Answer: In the past we have employed blind persons in the jobs of supervisor of braille platemaking, talking book editor, and educational research project director.

ECONOMIC CONDITIONS

Question: Since 1982, the Printing House has experienced an operating deficit of more than $1.4 million. What's the reason for this?

Answer: This deficit resulted from our efforts to maintain our level of services to the blind in the face of the recent recession, increasing competition for Federal contracts for materials for the blind, and a decrease in the purchasing power of our Federal appropriation. In our effort to maintain services, our costs have exceeded our income in five of the last six years.

Question: What steps are you taking to overcome this deficit?

Answer: We are working to improve efficiency and increase productivity. We are doing this by redesigning and combining jobs so that fewer workers are required, by automation of our manufacturing operations where possible, and through computerizing management in our financial, distributive, and manufacturing operations.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

GALLAUDET COLLEGE

BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries, other senior officers responsible for Department programs, and heads of the Special Institutions to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options and much consultation at the staff level. Gallaudet submitted budgets and priority statements for $60,737,000; $61,700,000 and $64,786,000. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Gallaudet was $64.980 million. The final President's Budget of $60.737 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

RUBELLA-RELATED DEAF STUDENTS

Question: Budget documents for the National Technical Institute for the Deaf explain that the number of rubella students is decreasing but for Gallaudet, the number of rubella-related students is expressed as "remaining constant." Which is it? Are the numbers of rubella-related deaf students actually decreasing, or are they choosing to attend Gallaudet, rather than the National Technical Institute for the Deaf?

Answer: Since Gallaudet is a 4 year program and NTID is primarily a 2 year program, Gallaudet's rubella students will be in the undergraduate pipeline longer than at NTID. Also, many students begin in the School of Preparatory Studies and therefore require up to one additional year. For a variety of reasons, most students take from 4 to 6 years to complete their undergraduate degree. It should also be noted that some rubella students enroll in graduate programs upon completion of their baccalaureate studies.

DEPARTMENTAL ANALYSIS OF EXPENDITURES

Question: It is our understanding that, building on a recent GAO report, the Department will conduct an analysis to aid Gallaudet in determining means of controlling expenditures and increasing non-Federal revenues, as part of the Department's long-term plan to help Gallaudet reduce its dependence on Federal funds. What is the status of this analysis?

Answer: The analysis is in the formative stage.

Question: What is the Department's "long-term plan"?

Answer: The Department's long term plan is to build up Gallaudet's endowment by providing Federal contributions to match those of private donors, to advise Gallaudet on cost containment and on increasing non-Federal revenues.

MASTER PLAN

Question: You describe the initiation and implementation in this fiscal year of your recently developed "Master Plan." What are the elements of this new "Master Plan," and what is its potential impact on your budget?

Answer: With its new Master Plan, Gallaudet has set a strategic agenda for itself in the areas of instruction, public service, research and resources. The plan specifies fourteen themes within these areas which will be accomplished over the next five years. Broadly stated, the themes relate to pursuing the College's traditional mission of improving the quality of life for all deaf persons by reaching out to traditional and new constituencies in cost-effective and technologically appropriate ways. A broad overview of the Master Plan is submitted for the record.

To achieve this Master Plan, Gallaudet will (a) ensure that its existing resources are appropriately allocated to the right objectives, (b) achieve efficiencies wherever possible and (c) continue to broaden private sources of funding.

Question: What are the functions of the regional centers that have been established under this plan?

Answer: Gallaudet has five regional centers plus the Washington, D.C. campus which serve the Nation's deaf citizens in a variety of ways. Because there are so few programs that serve deaf people well, Gallaudet has exported its expertise and programs to various regional locations of the country. Indeed, Gallaudet's programs also spread beyond the continental United States to serve many other countries as well.

Using a cost-effective marriage of Gallaudet programs and host institution facilities, the regional center provides a location for deaf people and those serving the deaf to pursue educational programs without having to travel to Washington, D.C. Last year, Gallaudet served over 40,000 participants through these public service programs. The curricular areas range over a wide array of instructional programs of both a credit and non-credit nature.

SALARY INCREASE

Question: You state that the College's budget request includes $848,000 for a 2.5 percent salary increase. Is this the amount of increase you requested of the Department for salaries?

Answer: No, it is not. Gallaudet originally requested in July of 1985 a 6.1 percent increase for employee salaries.

Question: What was the procedure by which the amount of the salary request was arrived at?

Answer: Gallaudet pegs its faculty and staff salaries to correspond to the appropriate market--other colleges and universities. When Gallaudet submitted its budget request for FY

1987, 15 months prior to the start of that fiscal year, Gallaudet projected what other colleges and universities would be awarding as increases for the 1986-87 school year. The College used basic indicators available through the American Association of University Professors, the College and University Personnel Association, as well as surveys of local institutions. Through use of these indicators, an estimate was made as to what would be required to keep Gallaudet's salary structures competitive with the market.

Question: When was the last salary increase granted at Gallaudet, and what was the amount?

Answer: Gallaudet provided an average seven percent increase to its employees in fiscal year 1986.

Question: How do faculty salaries at your institution compare to those for comparable institutions in the region?

Answer: Gallaudet's average salaries have been lower than for other institutions. There have been two indicators of this in recent years. First, the GAO report of 1985 on Gallaudet showed that Gallaudet was below the median of other institutions for its faculty salaries. Second, last year the Washington Post did a survey of eight area institutions and in it, Gallaudet was ranked next to last. Third, the Chroncile of Higher Education reported that Gallaudet salaries were below the average for institutions in the District of Columbia and nearby Maryland and Virginia in 1985-86.

Question: Will this salary increase also apply to executives at Gallaudet?

Answer: Gallaudet's staff salaries, including officer salaries, are categorized into 17 different schedules so that accurate comparisons can be made among similar job families. Depending upon how a schedule compares with other colleges and universities, the increase it receives may be higher or lower than the average of all schedules. For example, last year an average seven percent increase was awarded to Gallaudet's employees; however the executive schedule received only a 5.5 percent increase.

Gallaudet also controls its salaries within ranges. As individual salaries achieve the maximum of their respective range, the level of salary growth is curtailed. Thus, both market conditions and range limits will determine the extent to which Gallaudet's executives will participate in the salary increase program for fiscal year 1987.

GEOGRAPHIC "MIX" OF STUDENTS

Question: It has been questioned in the past as to whether Gallaudet is a national school in the sense that it recruits and serves students from all over the Nation or whether it primarily serves students only from the East. Do you believe that all deaf students seeking higher education opportunities have access to your institution, regardless of where they live in the United States?

Answer: Yes, as this Nation's principal resource on deafness, Gallaudet's programs and services are designed to be accessible and responsive to the needs of hearing impaired students regardless of where they live. No qualified students have been denied admission to Gallaudet, and our current student body contains students from all 50 States and several territories. In addition to providing educational opportunities at the main campus, Gallaudet operates five regional centers and disseminates information, materials, and services in response to requests from the field and in fulfillment of our national mission.

Question: What is the geographic "mix" of your undergraduate enrollment?

Answer: There are undergraduate students enrolled from each of the 50 States. Gallaudet's enrollment by region is as follows:

Local	16%	(D.C., Md., and Va.)
Northeast	23%	
Midwest	24%	
South	22%	
West	15%	

Question: In your admissions policies, do you attempt to attract students from areas of the country that might be underrepresented in your enrollments?

Answer: Gallaudet offers higher educational opportunities to students from all areas of the country. Our current geographic distribution is broad based and reflects continuing efforts to efforts to ensure that all qualified students are aware of Gallaudet's programs regardless of where they live. Hence, Gallaudet has extended its recruitment efforts so that information regarding Gallaudet's programs is shared with guidance counselors and other school personnel in rural as well as urban areas of the country.

PROPOSED ENDOWMENT

Question: The budget proposal includes a request for $1 million to establish a new matching endowment grant program. Do you currently have an endowment program in place at the College?

Answer: Yes, the College currently has an endowment with a market value of $4.2 million.

Question: Did you suggest this proposal to OMB or to the Department?

Answer: Gallaudet did not request this program for its FY 1987 budget. It was proposed by the Department.

Question: Do you see the establishment of such an endowment as being helpful to the College at this time?

Answer: Gallaudet has been quite pleased with the progress made in its endowment program over the past few years. For the first time in its 122 year history, the College is beginning to attract the interest of major foundations and corporations in a comprehensive manner. If Congress passes the endowment matching grant program, Gallaudet will enthusiastically pursue private sources to support the program.

Question: Do you now have plans in place as to how you would proceed to begin to raise the required matching funds?

Answer: Plans are in the developmental stage at this time.

MODEL SECONDARY SCHOOL FOR THE DEAF

Question: Your budget documents explain that, for the past three fiscal years, enrollment levels at the Secondary School have not reached the original planned enrollment of 425, and that, even as of February 2 of this year, enrollment was 382. Why has actual enrollment lagged behind projections?

Answer: We believe two factors contribute to lower enrollment levels. First, demographics point to the fact that the pool of students is declining, particularly in the primary service area. Second, it is my opinion that the publicity with respect to the tuition proposal of several years ago adversely impacted matriculation decisions on the part of parents.

MSSD has thus set a new enrollment objective which is a range of 400 to 450. It will take several years to achieve this objective. In FY 1986, the school year began with 390 students, and MSSD projects at least 400 for the Fall of 1986.

Question: Has the School had difficulty attracting students?

Answer: MSSD believes that it has overcome the problems of a reduced pool and the adverse publicity created by the tuition proposal. It now also has the ability to distribute information about its program more effectively, and MSSD expects that it will begin achieving its target enrollment range in FY 1987.

Question: To what extent is transportation for the students who live in the Washington metropolitan area an issue?

Answer: In the Washington area, transportation is not a problem. The College operates over 15 bus routes throughout the city and into the surrounding suburbs to pick up children who commute to MSSD and KDES.

Question: The primary purpose of the Model Secondary School for the Deaf is to serve as a national laboratory for educational experimentation and development, and to conduct research to develop effective educational techniques that can be used in a variety of instructional settings. Do you believe the instructional models developed for children in the segregated environment of the Model Secondary School are relevant to and appropriate for mainstreamed settings?

Answer: The models and curricular products developed at MSSD and KDES are specifically designed to work in any educational setting. In fact, roughly half of the 23,000 products distributed annually are used by teachers in mainstream programs. The evaluation of products is very positive by the users, regardless of the setting.

Question: What is the primary means used to disseminate information on program models developed at the Secondary School to special education programs throughout the country?

Answer: Several methods are used. First, MSSD and KDES conduct training programs, workshops and seminars on campus and at many locations throughout the country on the methods that work in deafness education. These programs touch base with over 5,000 professionals serving the deaf each year. Second, MSSD and KDES print two magazines designed to elaborate on effective methods and to put them into use in the classroom. Finally, a catalog of the school's curricular products is distributed to a mailing list of over 50,000 names including many school districts, teachers and related professionals.

Question: You propose funding the Secondary School in 1987 at $646,000 less than the 1986 appropriated level. At the same time, you propose to increase salaries by 2 1/2%. It appears that the ability to do this will come from a reduction in the number of faculty from 130 in 1985 to 78 in 1987. What effect do you believe 52 fewer faculty members will have on the quality of instruction at the Secondary School?

Answer: The reduction in total faculty at MSSD relates to a change in employment status. There were positions within the school classified as faculty which had nothing to do with the classroom. As a means of ensuring that contractual tenure was not accorded these positions, and to classify them as other institutions do, these faculty positions were converted to staff status. The quality of instruction has not been diminished by this conversion.

KENDALL DEMONSTRATION ELEMENTARY SCHOOL

Question: You propose funding the Elementary School in 1987 at $407,000 less than the 1986 appropriated level. At the same time, you propose to increase salaries by 2 1/2%. It appears that the ability to do this will come from a reduction in the number of faculty from 63 in 1985 to 45 in 1987. What effect do you believe 18 fewer faculty members will have on the quality of instruction at the Elementary School?

Answer: The reduction in total faculty at KDES relates to a change in employment status. There were positions within the school classified as faculty which had nothing to do with the classroom. As a means of ensuring that contractual tenure was not accorded these positions, and to classify them as other institutions do, these faculty positions were converted to staff status. The quality of instruction has not been diminished by this conversion.

Questions Submitted by Senator Daniel K. Inouye

Question: Last year you shared with us your difficulty in containing costs involved in administering your college. Have you had any success in reducing costs of maintenance and energy?

Answer: The College's continuing energy conservation programs, along with administrative controls and cheaper fuel, should allow us to contain these costs. Last year utility rates rose by 16 percent; however, we reduced consumption by four percent, and held costs to a five percent increase. Additionally, our maintenance services, compared with those of institution of comparable size, are provided at a lower cost per square foot.

Question: I understand there is a bill in the Senate to grant your college status of "university" and I expect that a similar bill will be soon introduced in the House of Representatives. I am aware of the many programs and services Gallaudet presently offers. Can you describe to the committee the scope of changes in programs and projects that can be anticipated if "university" status is granted to Gallaudet?

Answer: For many years, Gallaudet has responded to its national mission by developing a variety of programs and services for a diverse population of deaf and hearing impaired invididuals. The structure Gallaudet has established to achieve this mission is that of a multi-purpose university model which reflects an intensive focus on instructional service and research objectives. In addition to the traditional university structure, the College has also assumed a major outreach responsibility to assist and support other programs and individuals serving persons.

From an instructional perspective, Gallaudet is comprised of a variety of schools and programs at the undergraduate and graduate levels. A university approach requires a broadening of scope beyond a single area of study. Thus, while Gallaudet has maintained its liberal arts core as the central focus of its mission, it has widened its efforts to offer programs in professional preparation and communication areas. In the upcoming year, Gallaudet will establish a new school of management which will meet a need heretofore underserved by programs for deaf persons.

Continuing the university model, Gallaudet has developed a vibrant public service program with the chief aim of delivering cost-effective continuing and professional education services to deaf individuals throughout the country. Five regional centers provide to the deaf population and those who serve the deaf opportunities that might otherwise be unavailable within these regions of the country. Initiatives in the service area include a major emphasis on the use of satellite technology to further broaden the distribution of Gallaudet programs through cost-effective methods.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries, other senior officers responsible for Department programs, and the heads of the Special Institutions to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options and much consultation at the staff level. NTID submitted budgets and priority statements for $31,400,000, $32,400,000, and $32,900,000. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for NTID was $33.9 million. The final President's Budget of $31.4 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

MINORITIES ON STAFF

Question: You note progress in affirmative action hiring at the Institute, in raising the proportion of minorities on your staff from about 3.25 percent to 4.6 percent. How was this increase accomplished, and what do you regard as obstacles to further gains in minority hiring?

Answer: We have increased total minorities on our staff by 58 percent, blacks by 70 percent, hearing impaired by 11 percent and total handicapped by 6 percent. This is the result of a lot of hard work by a lot of people. It is difficult to pin-point a reason for such success, but I did learn something from the process. Affirmative Action, if it is to be successful, must be an interactive process between management and all employees. It's one thing for management to write letters and send out goals, which we have done for many years, but it is quite another to have discussions with your employees, understand their concerns and enlist their support. We presented this affirmative action problem to our employees as if it was everyone's problem, not just management's. Consequently, people from all corners of the Institute are working on it, not just a few.

One other observation, and that is, to simply hire an Affirmative Action Manager and ask him or her to find minorities and handicapped, will not work unless top management is committed and the rest of the organization is behind you. You can't accomplish it without involvement; and involvement is the operative word here. It seems simple and obvious, but it is so often overlooked.

There are quite a number of obstacles to further gains, however. I remain optimistic, but there are many studies that show that the numbers of black and hispanic faculty are declining in our Nation's colleges and universities. The Center for Education Statistics reported that at independent colleges and universities--other than traditionally black colleges--only 1.6 percent of the faculty members are black and the number has decreased since 1975. Our representation of blacks on our faculty is exactly equal to that percentage. We at NTID further complicate the problem by looking for blacks and other minorities trained in education of the deaf.

Though we have made great strides in the past year, we don't have any illusions. We know it will be difficult, but we are willing to give it our best.

Question: What is the status of minority student enrollment at the Institute?

Answer: Over the past five years we have made progress with minority enrollment as can be seen from the chart below. Our goal by 1990 is to have 5 percent black and 5 percent other minority, for a total of 10 percent.

Enrollment

Affirmative Action Report

	FY 81	FY 82	FY 83	FY 84	FY 85
White	910	930	1,169	1,215	1,189
Non White:					
Black	17	23	35	46	42
	1.8%	2.3%	2.8%	3.5%	3.2%
Other Minority	37	40	56	58	65
	3.8%	4.0%	4.4%	4.4%	5.0%
Subtotal	54	63	91	104	107
	5.6%	6.3%	7.2%	7.9%	8.3%
Total	964	993	1,260	1,319	1,296

SALARY INCREASES

Question: You explain that in 1987 a proposed salary increase of seven and one-half percent and a benefit increase of one and one-half percent of salary are planned for NTID employees. This salary increase is to be funded by reducing expenditures on "less essential administrative support services." What services will be reduced so that this salary increase can be provided?

Answer: Reductions will occur in our travel budget, supply budgets and professional fees.

Question: Did your request to the Department include sufficient funds so that a salary increase could be provided, but that no services would be reduced?

Answer: Yes, our original request of $32,900,000 took this into consideration.

DECREASE OF FACULTY POSITIONS AND FRESHMEN REGISTRATIONS

Question: You indicate a proposed decrease of 26 faculty positions made possible, you state, by a reduced number of students with rubella-related deafness. What is more alarming, however, is your projected decrease in the number of entering freshmen—

from 426 in 1985 down to 185 in 1987. Your total number of acceptances would be down from 673 in 1985 to 490 in 1987; and your total enrollment would decrease by 207. Yet, your waiting list would increase from 37 in 1985 to 138 in 1987. Are we to attribute fewer numbers of students with rubella-related deafness to all of these decreases?

Answer: Funding at $30,380,000 for operations supports this level of activity. Inasmuch as the number of students applying to NTID is decreasing, because there are no new rubella students, this confirms earlier predictions that the increase in the target population caused by the 1963-65 rubella epidemic was temporary. However, the increase in transfer applications serves as a new source of prospective students.

Question: What accounts for the increase in the waiting list?

Answer: Given the need to reduce the Federal deficit, budgetary constraints will not permit those on the waiting list to be accommodated at the beginning of the school year. Those qualified applicants who do not choose alternative postsecondary pursuits will be accommodated through the course of the year as openings occur, as has been the case in the past, or be the first admitted in the fall of 1987.

Question: It is our understanding that, building on the recent GAO report, the Department will conduct an analysis to aid NTID (and RIT) in determining means of controlling expenditures and increasing non-Federal revenues. What is the status of this analysis?

Answer: The analysis is in the formative stage. However, the Department's long term plan is to build up NTID's endowment by providing Federal contributions to match those of private donors, to advise NTID on cost containment and on increasing non-Federal revenues.

SUMMER VESTIBULE PROGRAM

Question: In 1985, 359 students participated in something called the "Summer Vestibule Program." What is this program, and why is it scheduled to be terminated?

Answer: The Summer Vestibule Program is a 4-week summer program designed to help new students choose a major, become acclimated to the RIT campus and to be evaluated for proper placement in communications and math sequences. We consider this program to be extremely important to us and our incoming students, because so many of the students are undecided as to major. During this period they are given intensive career sampling which exposes them to the requirements to enter the major, the type of course work to be expected and the kinds of jobs that are likely upon graduation. Additionally, they are exposed to all facets of campus life and independent living. Lastly, we use that time to test their communication skills, which includes their speech intelligibility, their lipreading receptive skills, their manual communication skills and their English skills. Additionally, they are tested in mathematics to assist us in their placement in our self-paced math sequences.

It is scheduled for termination because of budgetary constraints. It is one area where we can cut back on human effort without laying people off, because this program is run during the summer with faculty on special extra compensation packages. Consequently, the extra contracts would be terminated, but not the people.

PROPOSED ENDOWMENT

Question: The budget proposal includes a request for $1 million to establish a new matching endowment grant program. Did you suggest this proposal to OMB or to the Department?

Answer: No, I believe this was a recommendation emanating from the Department of Education.

Question: Do you see the establishment of such an endowment as being helpful to the Institute at this time?

Answer: Ordinarily I would say that this proposal has considerable merit as encouragement and support for the establishment of an endowment at NTID. However, the overall budget proposal has the effect of making a decrease in our operating budget.

Question: Do you now have plans in place as to how you would proceed to begin to raise the required matching funds?

Answer: Yes, we are currently discussing with RIT this proposal, which was prompted earlier by the proposed Education of the Deaf Act of 1985. We expect to begin raising private funds by the fall of 1986.

Questions Submitted by Senator William Proxmire

ENDOWMENT GRANT

Question: Dr. Castle, do you believe the Department's proposed $1 million endowment grant program included in the budget request will put your institution on the road to self-sufficiency?

Answer: This proposal has considerable merit as encouragement and support for the establishment of an endowment at NTID. If we were fortunate enough to raise $1,000,000 and receive $1,000,000 from the grant each year for the next 20 years, the income we might hope to receive from the aggregate would be about $6,000,000 per year. This would represent progress in moving towards self sufficiency, but clearly not self sufficiency.

AFFIRMATIVE ACTION

Question: While you are to be commended for energizing the Institute's affirmative action program, I just hope the percentage of hearing-impaired employees continues to rise. In 1984, only 47 of the Institute's 584 employees were hearing-impaired....roughly 8%. Your goal next year is to raise it to 9-3/4%. Don't you think you can do any better?

Answer: At this moment we have increased the number of hearing-impaired employees to 52 which is an 11 percent increase from last year. Our goal by the end of this fiscal year is to be at 55. Further we have instituted through our affirmative action committee very aggressive goals for the future. We expect to increase the number of hearing impaired on our staff to 71 by 1990 (13.7 percent) and to 84 by 1995 (16.2 percent). As you can see, our affirmative action efforts encompass all protected classes and we fully expect to be as successful with the handicapped as we have been with minorities.

CAMPUS CRIME

Question: How bad is campus crime?

Answer: The situation at RIT is probably better than other campuses of proportionate size. On a pro-rata basis, it is safer to live and function within the RIT community than might be the case in any of the Nation's metropolitan centers. In the course of fiscal year 1985 campus safety records indicated that there were 1,483 incidents cited that could be categorized as misdemeanors or violations. Of these, only 186 would be classified as offenses against persons, with 156 of these being simple harassment, a violation of the law, but not a true criminal offense. The vast majority are property-related offenses. For the period that these figures were recorded, the RIT community was composed of approximately 15,900 full and part-time students, with an employment force of approximately 2500. Of the student body, 6,000 were year-round residents of the campus in either apartments or dormitories.

Question: What kinds of offenses are we talking about?

Answer: A study conducted jointly by NTID and the RIT Office of Judicial Affairs during the 1983-84 school year provided some detailed findings. The study analyzed seven different categories of offenses, including (1) theft or unauthorized possession, (2) physical abuse, (3) vandalism or damage, (4) harassment, verbal abuse or general misconduct, (5) false fire alarms, (6) drugs, and (7) fireworks or fire. The most frequent offenses by hearing-impaired students fell within the category of harassment, verbal abuse or general misconduct. Twenty-three percent of the cases were alcohol-related. Deferred suspension (often with educational and behavioral requirements) was the most prevalent disciplinary consequence. An analysis of background variables such as cause of deafness, preferred communication mode, academic scores, age at onset of deafness, high school type, and academic major failed to differentiate between offenders and the total NTID student population. Eighty-five percent of the offenders were male.

A series of educational interventions partly arose from this study, and is under implementation. Such interventions have included: (1) a letter sent to all incoming students and their parents explaining the rights and responsibilities of community membership at RIT and the RIT judicial system, (2) discussion of these same themes within a college or orientation course required for all first year students, and (3) development of a videotape presentation for educational programming with students which details campus expectations for behavior and the workings of the RIT judicial system.

Question: Do your students have any drug problems?

Answer: American society in general is deeply concerned with, and is taking preventative action against, drug and alcohol abuse. RIT shares both this concern and this commitment to preventative education. As mentioned above, 23 percent of judicial incidents occurring during the summer, fall, and winter quarters of the 1983-84 shcool year were alcohol related. Instances of minor levels or marijuana possession or use (a misdemeanor in New York State) are usually handled within the Residence Life System and thus would not be reflected in the records of the Office of Judicial Affairs. Chemical abuse by students does occur, in certain instances, but it is not a significant problem on the campus.

Question: How do you deal with this?

Answer: RIT, operating through the Office of Judicial Affairs, has an established system for processing incidents of campus misbehavior. The system stresses the rights and responsibilities of community membership, and follows an educational, as well as a disciplinary, approach. Individual cases typically are referred to the Office of Judicial Affairs either by Campus Safety or Residence Life. Cases are deliberated and consequences decided upon either administratively or through a student court based on the choice of the involved student. An NTID resource person is present during all deliberations involving hearing-impaired students. The role of this resource person is to insure that the involved student fully understands the judicial procedures, the substance of the deliberations, and the rights and responsibilities within the system.

NTID, along with the rest of RIT, sponsors varied and ongoing educational and counseling-related dprograms for hearing-impaired students regarding drug and alcohol use and abuse. Such programs include: (1) co-curricular educational programs throughout the year, (2) educational programs during orientation for incoming students, (3) a general education course for academic credit, (4) counseling services offered through career development counselors and mental health counselors, (5) specialized programs regarding chemical abuse (Substance Abuse Intervention Services for the Deaf, and Programs about Alcohol for Student Success), and (6) referral arrangements to specialized community resources throughout the Rochester area.

EMPLOYMENT

Question: You state that 94% of the Institute's graduates have jobs within six months of graduation. That's a remarkable record. Has the Institute ever conducted any longitudinal studies to determine what its graduates are doing now?

Answer: Systematic followup of graduates has occurred for a number of years through our annual Alumni Feedback Questionnaire.

Through this questionnaire we collect information to assist us in determining how NTID graduates are functioning in the workplace.

Variables of particular interest include employment status, occupational class and gross weekly earnings. Graduate progress in these areas is analyzed over time. Results from both 1984 and 1985 indicated significant progress in all three areas. Unemployment decreased steadily, from a maximum of 13.7 percent for those in the labor force for two years or less to 2.1 percent for those in the labor force 10 years or more. Employment in the Managerial/Professional occupations increased from 18.4 percent for those in the labor force two years or less to 42.1 percent for those in the labor force 10 or more years. Gross weekly earnings were $264 for the graduates in the labor force two years or less and $399 for those in the labor force 10 or more years.

NTID has worked with the Internal Revenue Service to collect data on the 1982 earnings of graduates. These data indicate that those who graduated between 1978 and 1980 earned an average of $13,313 annually. Those who graduated from 1968 to 1972 earned an average of $17,356. Deaf baccalaureate graduates were compared with a sample of hearing RIT graduates. Deaf graduates' earnings were found to be 93 percent of those of hearing graduates: $18,178 compared to $19,547.

ALUMNI SUPPORT

Question: Does the Institute receive any alumni support?

Answer: No, the Institute does not receive any alumni support.

Question: Why not?

Answer: We have not attempted to raise private funds in the past. We intend to begin to do so within the next year. However, we don't expect to generate many dollars from our alumni at this point, because we are a relatively new institution with just over 2000 graduates, most of whom graduated within the last eight years. Given their average earnings of approximately $20,000, it is not likely we will get much from them. In the future this may improve, but I'm not optimistic that alumni support will ever become a substantial source of funds for NTID.

ENROLLMENT DECLINE

Question: Dr. Castle, it appears that your enrollment is declining. Where do you see it bottoming out? Will you have excess capacity as a result?

Answer: It is difficult to say, but based on the current trend towards career education and the increased awareness of NTID and what it has to offer, we feel that our enrollment will normalize at about 1100, which is 100 more than we had before rubella. It is also 150-200 less than the capacity of our academic facilities.

GAO REPORT

Question: Your cost-per-student as reported by the General Accounting Office seems high when compared to other postsecondary institutions. Can you tell us why?

Answer: The GAO study published in February 1986 compared the costs per student at NTID with Gallaudet and the four centers participating in the Regional Postsecondary Education Program for the Deaf. The GAO data indicate that for similar education and support expenditures, NTID compares very favorably. This comparison becomes more evident when the differences among the institutions in the nature of the curricula offered and the delivery of these similar services are taken into account.

NTID programs are technical and professional compared to many of those in the other institutions which are vocational or liberal arts. For example, NTID offers majors in Computer Assisted Design and Manufacturing, Applied Photography and Civil Technology.

From another perspective, technical programs are more expensive to operate than liberal arts programs in terms of capital equipment and space requirements, faculty salaries, supplies and other related expenses. In addition, highly technical courses with labs require smaller class sizes due to the limited number of work stations. Consequently, we need more space and smaller class sizes than do conventional educational programs.

The regional institutions to which NTID is compared are primarily commuter schools while NTID is primarily residential. Thus there are additional expenses incurred in the provision of residence halls and food service facilities. In addition, NTID offers numerous programs related to campus life, extracurricular activities and social interaction which are necessary for on-campus residents.

The ratio of deaf students to hearing students on the campuses of the Regional Programs range from a high of 4.5 percent to a low of 0.3 percent. The NTID students comprise nearly 13 percent of the total RIT student body and when combined with faculty and staff, NTID makes up 15 percent of the RIT community. NTID has 6 dedicated buildings for its programs which account for 20 percent of the square footage on the RIT Campus. Thus NTID has a significant impact on RIT and requires many dedicated resources for its programs.

When using the methodology presented by the GAO the following illustrates how NTID's per student cost has increased from fiscal year 1983 projected through to fiscal year 1987.

Education Costs	6.2 percent
Support Costs	1.0 percent
Unique Costs	4.8 percent

The Higher Education Price Index, which is a measure of inflation on the cost of postsecondary education, increased over this same period of time by 24 percent, while enrollment at NTID over this same period has increased by 30 percent.

What the GAO data indicate are that the provision of postsecondary technical education for the deaf is expensive no matter what form it takes. However, the costs incurred by NTID in carrying out its programs are reasonable given its technical and professional curricula, its residential character and its proportion of the RIT campus as a whole. The cost per student has actually decreased in real terms when compared to higher education in general.

Question: I thought the Institute was an integral part of a larger institution--the Rochester Institute of Technology. According to page 9 of the GAO report, it appears NTID is a separate entity where nearly 96% of the students are deaf. Are your students segregated from hearing students? Don't you take advantage of the built-in mainstreaming opportunity available, given the 10,000 hearing students on campus?

Answer: NTID is located on the 1,300 acre campus of RIT and is considered one of the nine colleges of RIT. There are 10,397 day students on the campus of which approximately 1,300 or 13 percent are deaf. Deaf students are fully integrated into the academic and social life on the campus.

o Twenty percent of the deaf students are fully matriculated in the other 8 colleges of RIT.

o Sixty percent of the deaf students take at least one course in another college at RIT.

o All of the deaf students share dormitory and dining space with hearing students and take part in campus-wide extracurricular activities.

Question: What are the "unique" services that the Institute provides to its students and other constituencies as noted in the GAO report?

Answer: A number of the services offered by NTID are considered unique when compared to the programs offered by the four centers participating in the Regional Postsecondary Education Program for the Deaf. The GAO categorized these unique services into three areas: Research, Public and Special Services, and Other.

Research: NTID conducts applied research into the occupational and employment related aspects of deafness, communication assessment and instruction, and education and cognition. More specifically this research is focused in the areas of speech, audiology, manual communication, visual information processing, use of the English language, personal/social accommodation, cognitive strategies, career development and decision makin-, educational support services, instructional technology, characteristics of NTID's target population, and the accommodation of graduates in the workplace.

Public Service: NTID improves deaf education nationally by sharing proven educational techniques and processes, research findings, and training techniques. Among other products for dissemination, the award winning quarterly publication, Focus, is currently distributed to more than 17,000 professionals in deaf education, business and government, providing them with a greater awareness and appreciation of the capabilities of our Nation's deaf citizens. Also our Product Catalogue, featuring NTID-produced research and teaching materials, has received outstanding response.

NTID participates in a Joint Graduate Program with the University of Rochester to improve the quality of education and services for deaf people nationally. Graduates serve as educational specialists qualified to work with deaf persons at the secondary level in teaching students in mathematics, English, science, and social studies; manage special educational support systems; and serve as resource persons on deafness to other schools involved in mainstreaming deaf students into regular schools.

NTID offers a program in which students earn an Associate degree in Applied Science in Interpreting Services. This program has approximately 60 full-time students with 20 to 30 students graduating each year.

NTID offers specialized communication courses for students which includes small group communication courses in auditory training, speech reading and overall receptive communication strategies. There are interdisciplinary courses in oral/aural communication with appropriate integration of language components. Specialized courses are conducted in writing skills, reading improvement, grammar, and technical concepts/vocabulary.

NTID has national placement and recruitment functions as well as providing psychological and counseling services for its students. Advanced media and instructional television products are produced in support of the unique instructional and training activities for the students.

Other: Capital projects as well as the expenses associated with the operations of food service and residence hall facilities are included in this category.

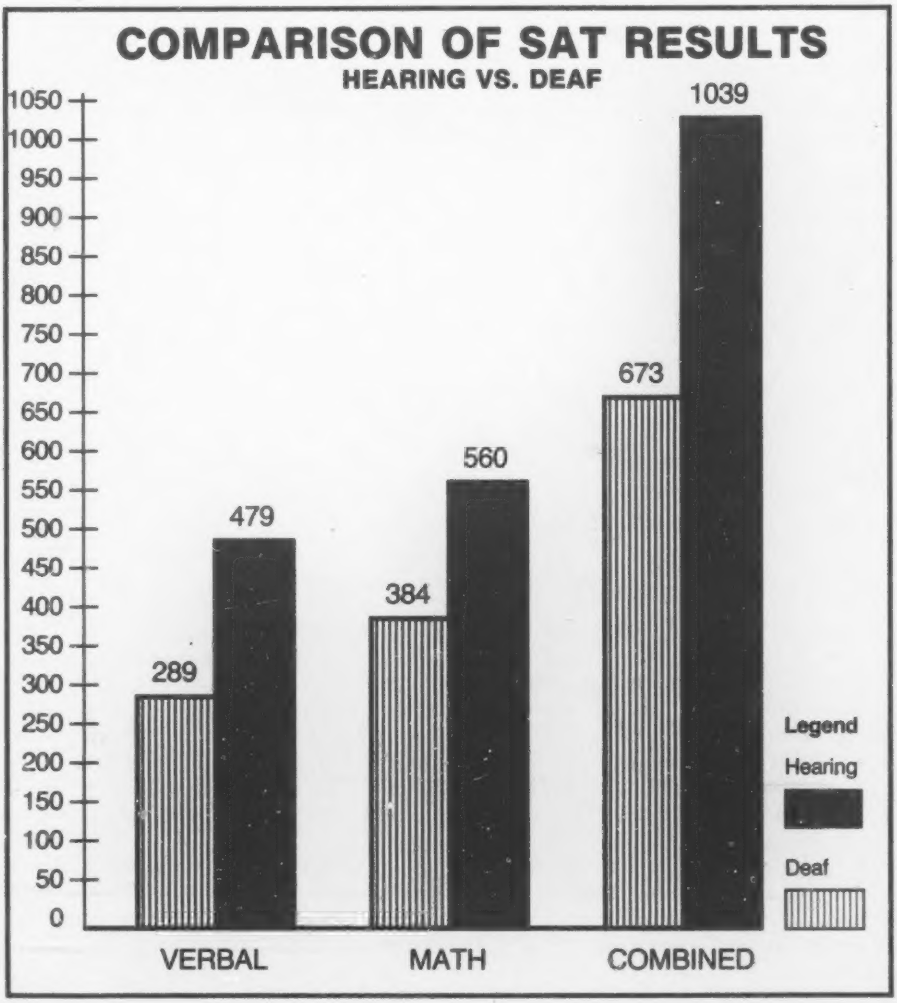
RIT ACADEMIC REQUIREMENTS

Question: Are the requirements for entering RIT programs the same for both hearing and deaf students?

Answer: No, they are not. The vast majority of our students would not meet RIT's entrance requirements. However, because of our special articulation agreements with the other colleges of RIT and our extensive support services, deaf students who successfully complete one of our Associate degree programs are directly admissible as juniors in most of RIT's Baccalaurate programs. Deaf students are not required to take the Scholastic Aptitude Test whereas all hearing students must do so.

Question: What is the average score and how do they compare with RIT's hearing students?

Answer: On the Verbal part of the SAT, RIT's average is 479, and NTID's average is 289. On the Math part, RIT students average 560 and NTID students average 384. Overal this results in a combined difference of 366 points. (See chart below.) The result of this difference is that the majority of NTID students would not, on the basis of SAT results, be admissible to RIT colleges. These differences are compounded by the fact that only the academically most able NTID students took the SAT. If all our students took the exam the average would be much lower. In our entire history only 200 students have taken the examination. Thus to end up granting the same degree to the deaf student as is granted to the hearing student, extraordinary measures are required. It is the extensive support services, such as tutoring, notetaking, interpreting, counseling and remediation when necessary, that make it possible for our deaf students to achieve at the same level as their hearing peers and to therefore receive the same quality degree as well.



Question: During last year's hearings, it was stated that nearly 40% of NTID's expenditures are returned to the host institution--the Rochester Institute of Technology. Why is such a large proportion of your funds allocated this way?

Answer: The total amount of funds paid to RIT by NTID over the past six years has averaged 32 percent of the total NTID budget.

Currently we are projecting this to be 34 percent in the fiscal year 1987 budget. These expenses, as a percentage of the NTID budget, have remained stable over this period in spite of the fact that the NTID student population has risen by over 30 percent and additional dedicated space has been constructed and is operating specifically for NTID programs.

It is very important to look at the detail of what services are purchased from RIT. A common misconception is that payments to RIT are only for indirect charges (overhead). In actuality, the payments to RIT may be separated into three distinct categories of:

Direct services - Custodial/maintenance services
Utilities
Taxes/insurance
Space rental
Telecommunications support
Security services

Student related - Tuition for students taking courses in RIT colleges
Residence halls
Food service
Student health services
Athletic/physical education fees
Medical insurance

Indirect charges - Overhead

These charges are projected to comprise the following percentages of the total NTID budget in fiscal year 1987:

Direct services	5.1 percent
Student related	15.9 percent
Indirect charges	13.4 percent

The direct services are related to the space occupied by NTID on the RIT campus as well as the number of faculty and staff used to deliver our programs. NTID has over 2,000 students, faculty and staff comprising 15 percent of RIT staff and students with six dedicated buildings making up 20 percent of the total square footage on the RIT campus.

Student related expenses are, to a large extent, a pass-through of the room, board, and fee collections from students. The collections comprise the non-Federal funds portion of NTID's revenue and the payment to RIT is included under institutional services.

The payment of indirect charges has drawn the greatest amount of attention over time. These costs, which are projected to be 13.4 percent of the total NTID budget in fiscal year 1987, appear to be quite modest when looked at from the perspective of a proposal published in the February 12, 1986, Federal Register which would limit the university reimbursement for the administrative costs of research grants and contracts to 26 percent of direct charges.

This level was set at 26 percent because that is the current average of the costs allowed to universities. In other words, many of the universities in the United States are reimbursed for indirect charges at a rate in excess of 26 percent. While the reimbursement situations between research grants and contracts and the NTID/RIT relationship are not directly comparable, the fact tha the NTID rate is about one-half of the 26 percent average would suggest that the level of these payments is reasonable.

Dear Friends:

Over the past two years, the Gallaudet College community has been deeply involved in a major planning program designed to help us successfully meet new challenges posed by our changing society. In charting our future course, we are building on the strong foundation of previous planning efforts and projecting Edward Miner Gallaudet's vision of a "comprehensive" institution into today's and tomorrow's world.

That vision continues to serve as the cornerstone of our mission. In our new *Statement of Mission and Goals*, "comprehensiveness" takes on increasing significance as we seek to serve broader segments of the hearing impaired community in new and creative ways. Our basic goals are to provide more services to more people in more locations and to do so in an effective and resource-efficient way.

One of our highest priorities this academic year—and one which underlies our new *Statement* is to develop and submit new legislation designed to confer university status upon Gallaudet. Our overall plan, therefore, reflects and supports our expectation that Gallaudet will achieve full university status, both in scope and name, in the near future.

Gallaudet College has a long and distinguished history, characterized by the signficant, positive impact it has had on the quality of life of deaf persons. As we move forward with our mission, and as we continue service as the flagship educational institution for deaf people in our nation and around the world, we will use this plan to chart our future course.

Our comprehensive planning process involved 12 developmental phases, carried out over a two-year period, which resulted in our new *Statement*. Our planning does not stop here, however. It is an ongoing process, with individual units of the College continuing to develop their own programs in support of the general plan. Those plans and overall goals and activities will be regularly reviewed and revised.

We are grateful to all those who participated in the creation of this plan; with your continued commitment and support, the plan will serve as a dynamic force in the fulfillment of our mission. Please join with us as we set forth on our newly-charted course.

Jerry C. Lee
President

The Gallaudet Heritage

Since its founding in 1864, Gallaudet College has provided leadership, inspiration, and exemplary programs for the hearing impaired people of the world. It has become a symbol to hearing impaired individuals of their successes and their potential. To meet society's changing needs, Gallaudet has evolved from a small liberal arts college to a multi-purpose educational institution, providing comprehensive academic programs from nursery school through Ph.D. levels, public service to tens of thousands of people each year, and research programs aimed at meeting the needs of all hearing impaired people.

The Gallaudet Mission

Today, the mission of Gallaudet College is, as it always has been, to serve hearing impaired people in the United States and around the world through teaching, research, and service. That mission will continue to be the focal point of our future efforts.

The Gallaudet Scope of Service

While that basic mission remains unchanged, Gallaudet recognizes that the demands of the times and the needs of hearing impaired people call for new and expanded emphases.

To fulfill today's and tomorrow's service obligations, Gallaudet affirms its commitment to:

1. Educating for work and independence by providing academic programs that prepare graduates for successful careers and successful participation in the non-career aspects of life.

2. Fostering learning skills by developing active learners who have acquired the knowledge and skills associated with general education or the liberal arts.

3. Enrolling all qualified students, regardless of social or economic status.

4. Serving society by providing programs to governmental agencies, private industry, and other organizations.

5. Associating with other educational institutions.

6. Providing service to its constituencies in local communities.

7. Improving the quality of life of its constituents.

8. Assuring the economic vitality, personal enrichment, and intellectual growth of its adult constituents.

9. Providing services on both a national and international basis.

10. Creating new knowledge through scholarly pursuits.

Mission and Goals — Priorities

To support and enhance these commitments, Gallaudet's new *Statement of Mission and Goals* identifies 14 central themes, each with a number of corresponding goals. While Gallaudet considers each theme to be a vital component of its dynamic future, it also recognizes that for the overall plan to be effective, implementation must be approached in an organized, methodical manner. Therefore, certain priority areas will receive immediate attention.

New Constituents

Gallaudet's top priority is to serve new constituencies and to increase the number of those served through current programs.

To expand its services, the College will enroll students from segments of the hearing impaired population on whom it has not traditionally focused, including students with less than profound hearing losses. In addition, the College will offer undergraduate degree programs to a limited number of hearing students in areas related to deafness.

Further, Gallaudet will expand its traditional public service constituencies to include groups not currently served or now served in limited numbers. For this broader group, including individuals whose hearing loss is less than profound, and those whose hearing loss occurred during adulthood, Gallaudet will provide such direct programs as audiological testing, orientation/training, career counseling, and research in deafness. Gallaudet will also provide leadership to other organizations so that they can improve service delivery to the hearing impaired population.

Broader Services

The second major priority area for Gallaudet will be to increase the variety of services it provides to this expanded group, as well as to broaden and facilitate delivery of those services.

Basically, Gallaudet will provide increased services in integrated settings on Kendall Green and at the Northwest Campus, in integrated settings off campus, in the home communities of our constituents, and indirectly through technical services delivery networks. These services include consultation, demonstration and outreach, professional education, referral, and trainer-of-trainers programs.

Gallaudet will continue to provide comprehensive, high quality national demonstration programs for professionals working at the elementary and secondary levels to prepare hearing impaired youth for careers or for further education or training. The Model Secondary School for the Deaf and Kendall Demonstration Elementary School will improve and expand their programs for hearing impaired children and teens who have additional disabilites, including those for whom college admission is not a reasonable expectation. The demonstration programs will not only be highly visible but will also provide extensive services to educators of hearing impaired children.

Expanded public service to hearing impaired people, their families, and the people who work with them will include continuing education, extension services, and other traditional public service activities.

Gallaudet will expand its role as a major international resource for the creation and dissemination of knowledge about hearing impairment and will continue to work to eliminate barriers created by or attributed to deafness.

To allow Gallaudet to serve a broader group more effectively, the College will make increasing use of technology to deliver public service programs, especially the communication systems possible through satellite teleconferencing.

Flexibility and Quality in Academic Programs

Program quality and outcomes comprise the next priority area. Gallaudet will provide academic programs of the highest possible quality at all levels, including continuing education. Gallaudet will prepare the graduates of its academic programs for rewarding lives, successful careers, and further educational opportunities and will increase and broaden assessment of graduates' achievements.

The College is committed to providing the highest quality of undergraduate programs for hearing impaired students in the liberal arts and practical sciences, including those related to emerging technologies. Gallaudet will also provide graduate programs of the highest quality to hearing and hearing impaired students in areas related to hearing impairment and the education of hearing impaired children, youth, and adults. At both the undergraduate and graduate levels, but especially at the graduate level, the College will offer flexibility in both curriculum and scheduling to provide opportunities for hearing impaired adults seeking training for new careers.

Gallaudet will work to improve student performance and will build on the campus community's sensitivity to and knowledge of the support service requirements of deaf students. It will develop curricula and student services which meet the needs of specific groups and will individualize instructional programs as much as possible. The College will clarify expectations for students in each department, relate these expectations to academic program outcomes based on the concepts of general education, and will establish a curriculum based on those expectations for each required course/major. Gallaudet also will develop and implement student outcome assessment procedures that will enable its students' performance to be compared with that of deaf and hearing students elsewhere.

To clarify and expand the post-graduate expectations of students in each academic program, the College will encourage increased student participation in cooperative programs and other forms of off-campus learning and work experiences. It will also adopt career and placement-related goals which are consistent with both the existing job market and the qualifications of students who graduate from specific academic programs.

Resources Management

The area of resource acquisition and management will be the fourth priority for the year ahead. Gallaudet will manage its programs with greater efficiency and effectiveness and will work to increase funding from private as well as public sources.

The College will undertake study of program unit costs to measure program performance and allocate resources more effectively. Gallaudet will also increase its use of diverse technological innovations in academic, instructional, research, communication enhancement, and administrative applications.

We anticipate that with improved personnel, facility, and equipment management procedures, cost savings can be realized, and, at the same time, the quality of academic, research, and service programs can be enhanced.

The new *Statement of Mission and Goals* gives specific attention to the subject of research. Gallaudet will continue a strong emphasis on hearing loss accommodation research, will expand its commitment in the areas of prevention and restoration research, will increase cooperative research arrangements with other organizations, and will foster and encourage research by academic faculty and students (not limited to deafness-related topics). Research activities will be increased, and Gallaudet will integrate these efforts into all functions of the institution.

Acknowledgements

Many members of the Gallaudet College Community contributed to the development of *The Statement of Mission and Goals*. All personnel and students had some opportunity to participate, and at least 150 persons played significant roles in the process. Representatives from the faculties, professional staffs, support staffs, and administration were involved in development and review workshops and meetings at various times throughout the planning process. The Student Body Government officers coordinated an extensive review of and written response to the *Statement*. Commitment such as this gives this master plan greatly increased credibility and enhances the probability that its goals will be achieved.

The Board of Trustees was involved from the outset in approving the planning process and later gave generously of their time and talent during a two-day review. They received and responded to periodic progress reports and gave their final assessment and endorsement of the plan prior to its implementation. Special gratitude is due them for their commitment to and participation in the plan's development.

Gallaudet College is an equal opportunity employer/educational institution. Programs and services offered by Gallaudet receive substantial financial support from the U.S. Department of Education.

HOWARD UNIVERSITY

STATEMENT OF JAMES E. CHEEK, PRESIDENT

ACCOMPANIED BY:

- **CASPA L. HARRIS, JR., VICE PRESIDENT FOR BUSINESS AND FISCAL AFFAIRS—TREASURER**
- **THOMAS P. SKELLY, DIRECTOR, BUDGET SYSTEMS DIVISION, OFFICE OF PLANNING, BUDGET AND EVALUATION, DEPARTMENT OF EDUCATION**
- **CARLTON P. ALEXIS, M.D., VICE PRESIDENT FOR HEALTH AFFAIRS**

PREPARED STATEMENT

Senator WEICKER. Next we will hear from Dr. Cheek, President of Howard University.

Dr. Cheek, your entire statement will be placed in the record, if you would care to synopsize, and then we will get to questions.

[The statement follows:]

STATEMENT OF JAMES E. CHEEK

It is my distinct privilege and pleasure to appear before you on behalf of the Department of Education to present the 1987 budget request for Howard University.

Howard University's request for 1987 is $157.2 million which includes funds for partial support of the Academic Program, the Endowment Matching Fund Program and for partial support of Howard University Hospital. I now wish to explain the funding request for each of these components of the fiscal year 1987 appropriation.

Academic Program

A total of $133.1 million is requested for partial support of the Academic Program which represents an increase of $3.8 million above the 1986 postsequester level. The increase in the Academic Program request includes $2.7 million for faculty salary increases averaging 4.5 percent; $1.0 million for partial support of the University's retirement requirement and $150,000 for non-faculty periodic step increases and promotions. This request will provide our faculty their first increase in salary since 1984. According to the American Association of University Professors (AAUP) national survey in academic year 1986 for category I institutions, namely complex, comprehensive universities which is Howard's classification, the University has now fallen behind our peer institutions in virtually all faculty categories.

The increase in funds requested for partial support of the University's retirement program is needed. Federal law (the Pension Reform Act of 1974) mandates that funding be made annually to established pension plans and the University will be required to secure the funds from other sources or consider major revisions to the current retirement plan.

Endowment Program

The sum of $2.0 million is requested for the matching endowment program. We received an appropriation of $2.0 million in 1985 for this program which we have matched dollar for dollar but for $200,000 to date. We have pledges that will allow us to exhaust these funds prior to June 30, 1986 if the pledges are realized. For 1986, $2.0 million was appropriated, $86,000 sequestered under P.L. 99-177, and $914,000 is proposed for rescission. If the rescission is approved, $1.0 million will be left for further grants in 1986, after the 1985 funds are completely matched. An additional $2.0 million is requested for 1987.

Howard University Hospital

The 1987 budget request for Howard University Hospital is $22.1 million, the same amount as appropriated in 1986 before the reduction mandated by the Gramm-Rudman-Hollings legislation. If this request is approved it will restore the Hospital appropriation to the same level of funding, $22.1 million, that has existed since 1977.

Proposed 1986 Rescissions

The Administration has proposed that $5.7 million in appropriated funding for Howard University for fiscal year 1986 be rescinded. The proposed rescissions are in two appropriation categories: $4.8 million in the research category and $914,000 in the matching endowment fund category.

Mr. Chairman, I shall be happy to answer questions that you or other members of the Committee may present concerning our appropriation request for 1987. On behalf of our faculty, staff and students, I express to you and the members of this subcommittee our profound appreciation for your past and continuing support of Howard University in its determination to provide high quality education primarily for a segment of our population that continues to suffer from a legacy of neglect and deprivation.

As we continue our efforts to increase financial support for Howard from the private sector, it is important that we emphasize that the role of the Federal Government in providing a stable base for Howard's financial resources is critical for all of our private sector fund-raising efforts as well as for increasing our support from other Federal sources.

Biography of James E. Cheek

DATE AND PLACE OF BIRTH:

December 4, 1932, Roanoke Rapids, North Carolina

NAME AND HOMETOWN OF WIFE:

Celestine Juanita Williams; Newton Grove, North Carolina

CHILDREN:

James Edward, Jr.
Janet Elizabeth

EDUCATION

Elementary
  Public Schools, Greensboro, North Carolina
Secondary
  James B. Dudley High School, Greensboro, North Carolina
  Immanuel Lutheran College, Greensboro, North Carolina
Undergraduate
  Shaw University, Raleigh, North Carolina; Bacholor of Arts, 1955
Professional
  Colgate-Rochester Divinity School, Rochester, New York; Master of Divinity, 1958
Graduate
  Drew University, Madison, New Jersey; Doctor of Philosphy, 1962

HONORS AND RECOGNITIONS:

Honorary Degrees:

Doctor of Humanities, Shaw University, 1970
Doctor of Humane Letters, Trinity College, 1970
Doctor of Laws, North Carolina Agricultural and Technical State University, 1971
Doctor of Laws, Drew University, 1971
Docteur Honoris Causa, l'Universite d'Etat d'Haiti, 1972
Doctor of Education, Providence College, 1972
Doctor of Laws, Delaware State College, 1972
Doctor of Humanities, University of Maryland, 1975
Doctor of Divinity, Bucknell University, 1975
Doctor of Laws, New York Institute of Technology, 1980
Doctor of Humane Letters, Duke Univeristy, 1982
Doctor of Humane Letters, Fisk University, 1984
Colgate-Rochester Graduate Fellow, 1958
Lilly Foundation Fellow, 1958 and 1959
Rockefeller Doctoral Fellow, 1960
Recipient of The Presidential Medal of Freedom, February 23, 1983

PROFESSIONAL POSITIONS:

President, Howard University, July 1, 1969 -
President, Shaw University, Raleigh, North Carolina, 1963-69
Assistant Professor of New Testament and Historical Theology, Virginia Union University, Richmond, Virginia, 1961-63
Visiting Instructor in Christian History, Upsala College, East Orange, New Jersey, 1960 (Summer)
Instructor in Western History, Union Junior College, Cranford, New Jersey, 1959-61
Teaching Assistant in Historical Theology, Drew Theological School, Madison, New Jersey, 1959-60

PROFESSIONAL MEMBERSHIPS:

American Academy of Religion
American Association of University Professors
American Society of Church History
National Association of Biblical Instructors
National Society of Liberature and the Arts
Religious Research Association
Society for Biblical Literature and Exegesis

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Virgin Islands Department of Health, Fundraising Steering Committee, Honorary
Washington, D.C. Cornaro Tercentenary Committee, Honorary

Special Consultant to the President of the United States on Black Colleges and Universities, May-June, 1970
President's Commission on Campus Unrest (The Scranton Commission), June-October, 1970
Board of Foreign Scholrships, 1970-74

BIOGRAPHICAL LISTINGS:

WHO'S WHO IN AMERICA (Marguis Edition)
THE INTERNATIONAL WHO'S WHO
WHO'S WHO AMONG BLACK AMERICAN
WHO'S WHO IN AMERICAN EDUCATION
WHO'S WHO IN GOVERNMENT
WHO'S WHO IN THE SOUTH AND SOUTHWEST
1968 Edition of OUTSTANDING YOUNG MEN IN AMERICA
1973 Edition of MEN OF ACHIEVEMENT
1974 Edition of LEADERS IN EDUCATION

MISCELLANEOUS:

Phi Beta Kappa, Scholastic Honor Society
Alpha Kappa Delta, Sociology Honor Society
Omicron Kappa Upsilon, National Dental Honor Society
Phi Delta Kappa, Education Honor Society
Sigma Pi Sigma, Physics Honor Society
Alpha Theta Nu Theological Fraternity
Alpha Phi Alpha Fraternity

U.S. Air Force, 1950-51

INTRODUCTION OF ASSOCIATES

Mr. CHEEK. Thank you very much, Mr. Chairman.

To my right is Dr. Caspa L. Harris, Jr., Vice President for Business and Fiscal Affairs, and to my left is Dr. Carlton P. Alexis, Vice President for Health Affairs.

SUMMARY OF REQUEST

Mr. Chairman, I appreciate very much the opportunity to appear before you on behalf of the Department of Education to present the 1987 budget request for Howard University.

The request for Howard University for fiscal year 1987 is $157.2 million, which includes funds for partial support of the academic program, the endowment matching fund program, and for partial support of Howard University Hospital.

In the academic program, a total of $133.1 million is requested, which represents an increase of $3.8 million above the 1986 postsequester level.

What we are requesting in this category is to restore the funds for salary increases of 4.5 percent inasmuch as faculty have not received salary increases since 1984.

We are also requesting that the endowment matching fund be provided at the level of $2 million.

The 1987 budget request for Howard University Hospital is $22.1 million, the same amount as appropriated in 1986 before the reduction mandated by the Gramm-Rudman-Hollings legislation. If this request is approved, it will restore the hospital appropriation to the same level of funding, $22.1 million, that has existed since 1977.

That concludes my summary, Mr. Chairman. I will be very happy to answer any questions that you may have, Mr. Chairman.

Senator WEICKER. Thank you.

Dr. Cheek, the amount requested and provided each year for the Howard University Hospital has remained at the same level of $22,106,000 since 1977. The fiscal year budget again requests that amount for the hospital.

What has been the effect of level Federal support for the Howard University Hospital over the past 10 years? What programs have suffered the most?

Dr. CHEEK. Mr. Chairman, I would like to let Dr. Alexis respond to that.

Dr. ALEXIS. Howard University Hospital maintains as its top priority the delivery of top quality health care in an environment in which we have had no increases in our Federal appropriation.

Our efforts to maintain a balanced budget have been met by not being in a competitive position with reference to the Washington, DC, market as it relates to our ability to develop alternative delivery systems such as HMO's or PPO's.

In addition, we have had to have delays in the replacement of some key equipment at times. Further, we have, because of lack of funds, not been up-to-date as we should be with reference to some of the newer technologies.

Further, we have had to restrict the opportunities for our faculty, and certainly our staff, to continue in continuing education programs.

Last, but not least, we have not been able to pick up some grants that we have had, which we thought were of critical value to the community, and certainly to our educational programs.

Senator WEICKER. I wasn't aware of the situation until the staff wrote out those facts and the questions, which actually there are two.

Did you request an increase for Howard University Hospital in fiscal year 1987?

Dr. CHEEK. Yes; we did, initially.

Senator WEICKER. What did you request for the hospital?

Dr. CHEEK. It was a $5 million increase over the $22 million.

Senator WEICKER. I have had my differences with Dr. Cheek on various aspects of the operation of Howard University over the years, but how do you go ahead and have anything in terms of a quality product when you are level funded for 10 years? I don't understand that at all.

Dr. ALEXIS. It hasn't been easy.

Mr. SKELLY. Mr. Chairman, our argument for keeping that funding level is that Howard University agreed with the Department of Health, Education, and Welfare, at the time, in 1977, to become increasingly more self-supporting. The idea then was to perpetuate that funding level.

Senator WEICKER. How are they going to become self-supporting?

Mr. SKELLY. The reason for the support, the $22 million, is to enable Howard to be a teaching hospital. It is not to provide all costs for care in the D.C. area. It is just for the teaching aspects.

Senator WEICKER. How are they going to become self-supporting?

Mr. SKELLY. Through charges to patients.

Senator WEICKER. Well, I don't know of any wealthy white patients walking into Howard University Hospital. Maybe I have my facts screwed up, but it seems to me that they serve a population that basically is low income. How do you suppose they are going to do that?

Mr. SKELLY. Again, you have constraints on programs that support low-income people like, you are well aware, Medicare and Medicaid, and other programs for the poor.

Senator WEICKER. I think that this is disgraceful. I do think it is disgraceful. I have not been in agreement with Dr. Cheek on some aspects of Howard University's operations, and I am not sitting here rubber stamping whatever Dr. Cheek would get, but I think that this is terrible.

Now, what do we do about it? Do you have any further comments to make on this area, because I am going to find out what we can do about it.

Mr. SKELLY. If I may add one comment that the staff provided me, and that is that the law that transferred Freedmen's Hospital to Howard

University several years ago actually stipulated that the hospital become more self-supporting.

Senator WEICKER. Just like my handicapped and disabled are supposed to go ahead and do their thing in this world with no funds. I don't understand how these things work. It must be some sort of spiritual, uplifting, free of charge sermon from the pulpit on Sunday does it all.

Mr. SKELLY. In this case, it is a little bit different in that we generally provide upward of 60 percent of Howard's funds. It is much more than some of the other programs.

Senator WEICKER. I have to repeat, and you are well aware of my efforts and the criticism of certain aspects of Howard University's operations, but how something like this can be permitted to exist, it is all of our fault. I don't know how we ever let this one get by us. I think that it is disgraceful.

I want in detail what your most pressing needs are, at least to start on a program here to meet those needs. I would say that, for the purposes of this committee, you might give us some sort of a 3-year estimate of what needs to be done here to rectify in some measure—you know as well as I do that you are not going to get the Moon, but rectify in some measure this level funding operation that has been going on.

[The information follows:]

HOSPITAL THREE-YEAR PLAN

The following three-year plan for Howard University Hospital describes the projects or needs identified by the University. Each project is described, and the level of funding shown for each of the next three years. Funding for projects identified as critical by the University is shown in year one. Projects which are critical but require substantial preparation show funding requests for only years two or three. The projects listed fall into three general categories: education, patient care, and equipment.

The Department of Education has not had the opportunity to verify or analyze the information in this plan and, hence, cannot endorse it. However, the Department would like to make the following observations:

- The Department of Health and Human Services makes competitive grants in a number of the areas included in the University's plan, such as organ transplants and teenage pregnancy;
- Howard receives such grants. In 1985, Howard received training grants totaling $1,035,000 from the Public Health Service and $2 million from the National Institutes of Health for the Sickle Cell Anemia Center.

PROGRAM OR ACTIVITY DESCRIPTION	Dollar Allocation By year		
	1	2	3
FURNITURE FOR HOWARD UNIVERSITY HOSPITIAL The Hospital and its equipment are now over ten years old. The equipment in patient rooms has now exceeded its expected life. An extensive repair and piecemeal replacement program has served to contain cost for several years. However, much of the patient furniture no longer meets a quality standard from ten years of use and deterioration. We must now engage in an extensive replacement program to assure compliance with current standards.	1,630,000		
HYPERTENSION AND DIABETES Within our patient population, we see an extensive number of cases with hypertension or diabetes. An unusual percentage of patients we see with other medical problems also have diabetes and hypertension which contributes to the			

	Dollar Allocation By year		
PROGRAM OR ACTIVITY DESCRIPTION	1	2	3
HYPERTENSION AND DIABETES (Con't)			
severity of the patient's illnesses. Research, education, and patient care activities should be combined to identify causes and new treatment for these diseases.	200,000	175,000	175,000
MEDICAL INTENSIVE CARE UNIT AND CORONARY CARE UNIT RENOVATION			
The standards of care used to evaluate special Medical Intensive Care and Coronary Care Units have changed. To comply with the standards of the Joint Commission on Accreditation of Hospitals, our current units must be renovated to assure quality care and the availability of the best technology for our patients.	1,200,000		
RADIATION THERAPY			
The Hospital has a unique Intraoperative Radiation Therapy treatment program for specific types of cancers. A critical part of the successful therapy is quality equipment and properly targeting the radiation beam. Our current 18MEV machine is ten years old and past its expected life. Computer software has been developed to assist in calculating the proper dose and target parameters for the beam. Both patient care and the teaching program would benefit from the availability of a new machine and this software.	1,200,000		
RADIOLOGY EQUIPMENT REPLACEMENT			
The Radiology Department has two very old machines that need replacing. Our fluoroscopy equipment and our CT Scanner have reached the age where breakdowns and repairs are both			

PROGRAM OR ACTIVITY DESCRIPTION	Dollar Allocation By year		
	1	2	3
RADIOLOGY EQUIPMENT REPLACEMENT (Con't) too frequent and too expnsive. To assure quality care for our patients and proper training experience for our residents, this old equipment should be replaced.	680,000		
MAGNETIC RESONANCE IMAGING MRI diagnostic technology represents the advanced state of radiology today. However, within two years, it will become the optimum diagnostic tool for the radiologist. As a teaching center, our students and residents will be required to have some experience with MRI technology in order to work as future physicians. This equipment is vital to the development of our academic medical programs.	1,000,000	2,600,000	
HOWARD UNIVERSITY HOSPITAL TOWER The Hospital is in the design stages of a new tower building construction program. The building will provide space for delivery of ambulatory primary care and outpatient surgery. The building will be a focal point for our entry into competitive alternative delivery system markets. The bulk of the building will be financed through debt securities. In order to successfully compete in the Washington, D.C. market, the building will have to contain modern equipment arranged in a very efficient manner to attract more patients. With Federal policy placing more emphasis on ambulatory care, this building will become the key to our future delivery and training programs. This			

PROGRAM OR ACTIVITY DESCRIPTION	Dollar Allocation By year		
	1	2	3
HOWARD UNIVERSITY HOSPITAL TOWER (Con't)			
request will support the equipment in the new building.		3,000,000	7,000,000
PARKING GARAGE			
To support the people who will use the new tower building, adequate parking space will be required by the local planning and zoning agencies. The planned garage will hold approximately 600 cars and will be across the street from the tower building. Patients and employees will use the facility.		4,000,000	
RESIDENT EDUCATION AND QUARTERS BUILDING			
The Hospital supports the largest graduate medical education program in the city. It has become increasingly difficult to provide adequate space for faculty offices, classrooms, and sleeping quarters for those in the programs. A building connected to the Hospital is needed to house living quarters for the residents, faculty office space, classroom space, and medical library space. Licensure requirements call for living quarters in which physicians and residents can stay when covering for patient care and emergencies. Guidelines established by the Residency Review Commission note that we only marginally meet the requirements for library space. Two and frequently three faculty members must share office space without room for conferences with students. The addition of this space will preserve the quality of our training programs.		2,250,000	2,250,000

PROGRAM OR ACTIVITY DESCRIPTION	Dollar Allocation By year 1	2	3
SALARY INCREASE			
Our non-union staff has not received a pay raise in three years. These individuals have foregone both cost-of-living and step increases. A total freeze in salarieas for these years clearly places the current staff well below the market level of pay. It also makes hiring new staff difficult. In the next three years, we seek to grant increases of 10%, 5%, and 4%. This prospective adjustment should return us to the market level in three years.	2,600,000	1,300,000	1,300,000
CANCER SCREENING AND RESEARCH			
The Hospital is currently involved in a limited Cancer Screening program. The detection rate for identifying previously unknown cancer and non-cancer medical problems is approximately 17%. This is an unusually high rate and points out a critical need for health services in our community. Funding must be directed toward programs that will bring diagnostic and therapeutic services to these people. Future physicians should receive training in the communities in which they will eventually work. Outreach programs must be developed to get health related programs where the people are located. It is clear, from the detection rate, that people are in need and the screening programs must be expanded.	150,000	125,000	125,000
TRANSPLANT PROGRAMS			
Although organ transplantation has become the recommended treatment for many diseases, the availability of transplantation to black patients is still			

PROGRAM OR ACTIVITY DESCRIPTION	Dollar Allocation By year		
	1	2	3
TRANSPLANT PROGRAMS (Con't)			
limited. As a referral center, we find that most of our transplant patients have been refused care at other facilities because of high medical risk. Several issues for which funding is not currently available need attention: the building of an organ donor program in the black community, the establishment of patient education programs designed to reduce the fear of transplantation, the funding of support programs for the family of transplant patients who are poor, and the expansion of transplantation education programs and training.	800,000	400,000	200,000
MENTAL HEALTH PROGRAM			
With the community thrust to return to the mainstream patients with mental health problems, there must be facilities and services available to the patients. We have been unable to expand our programs sufficiently to care for our share of the community need. Black patients with mental health problems or substance abuse problems, who are also poor, have great difficulty finding a place to receive care. In our service community, we should be able to provide help. Our physicians and future physicians should be able to attend training programs run by us. Good programs in this area can lead to more productive lives for the patients that are cared for.	200,000	100,000	100,000
TEENAGE PREGNANCY AND ADOLESCENT CARE			
Community outreach programs supported by private grant funds have demonstrated a critical need for programs in this area.			

PROGRAM OR ACTIVITY DESCRIPTION	Dollar Allocation By year		
	1	2	3
TEENAGE PREGNANCY AND ADOLESCENT CARE (Con't)			
However, there are insufficient funds to continue the programs as grant funding ends. By locating these multidisciplinary educational and care progrms in the community, teenagers and young adults gain access to the healthcare programs they need. It is clear that the traditional means of health care delivery do not serve these needs. Improvement and expansion of outreach programs will lead to better health habits and therefore better long term health status.	500,000	400,000	400,000
NEONATOLOGY PROGRAMS AND RESEARCH			
The District of Columbia and our patient population have a critical problem in the frequency of low birth weight children. Because of budgetary constraints, we have been unable to devote the resources necessary to focus on the problem. In order to contribute to a long-term solution, programs are needed in the community that stress prenatal care. Strong special care programs must be in place at the time of delivery. Research must be assembled to identify patterns and modify behavior where possible.	200,000	300,000	200,000
GERIATRIC MEDICINE AND LONG TERM CARE			
The entire U.S. population is growing older. It is known that the over-age 65 population consumes three times as much health care as the under-age 65 population. It is also known that our patient population has a poorer health status when they come to the Hospital than the general population. Because of many years of poor or no health			

PROGRAM OR ACTIVITY DESCRIPTION	Dollar Allocation By year		
	1	2	3
GERIATRIC MEDICINE AND LONG TERM CARE (Con't)			
care, our elderly patient population has multiple health problems. Such conditions require extensive treatment and adequate long-term care treatment facilities for support. This neglected special care area requires the development of a center for care and education programs to train future physicians and other health professionals in proper geriatric medical care. The absence of this program in our College and Hospital needs immediate and special attention.	1,250,000	450,000	300,000
SICKLE CELL ANEMIA CENTER			
The Hospital has the only comprehensive center for the diagnosis, treatment and research of Sickle Cell Anemia and allied diseases in the Washington Metropolitan area. This program is critical to the advancement of treatment of sickle cell disease. Its testing, treatment and research programs need to expand and grow. They should not be curtailed on the basis of budgetary policy. This is the only program working full time on a solution to sickle cell disease in the Washington Metropolitan area.	100,000	100,000	100,000
ALTERNATIVE DELIVERY SYSTEMS			
With the changes in the Medicare and Medicaid payment syste , the Hospital must develop alternative markets from which patient inflows can be maintained and educational programs can be suported. As government policies move health services away from the traditional hospital setting, education and training programs			

PROGRAM OR ACTIVITY DESCRIPTION	Dollar Allocation By year 1	2	3
ALTERNATIVE DELIVERY SYSTEMS (Con't)			
must be set up, located, and manned to assure that future physicians and health professionals are prepared to work in these new settings.	2,500,000	1,500,000	5,000,000
EMERGENCY CARE AREA RENOVATIONS			
Our current emergency care area was designed over 15 years ago. Since that time, a new specialty of Emergency Medicine has been developed along with new and advanced methods of trauma care. Our Hospital resides in the middle of the inner city crime and trauma area and, therefore, receives a high volume of trauma and life threatening emergency cases. The facility needs to be upgraded and redesigned in order to care for these patients in the highest quality manner and meet the new standards of the Americian College of Emergency Medicine and the new Standards of the American College of Surgeons on Trauma Care.			3,000,000
Total by year	14,210,000	16,700,000	20,150,000
Grand Total	51,060,000		

1987 INITIAL BUDGET REQUEST

Senator WEICKER. Dr. Cheek, what was your initial budget request that you submitted to the Department of Education?

Dr. CHEEK. Mr. Chairman, I think it was——

Senator WEICKER. I am not talking about the hospital, I am talking about the whole thing now.

Dr. CHEEK. The whole thing, yes, I think that it was $260-some million, which included $70-some million for construction and renovation. Mr. Chairman, I would like to explain the construction and renovation figure.

CONSTRUCTION AND RENOVATIONS

In 1979, there was an agreement between the university and the Department, and the two subcommittees, that rather than proceed with further construction that it was more desirable to appropriate funds to Howard to engage outside consultants to examine all of the university's existing physical facilities, and to determine all of its physical facilities' needs, including the renovation of existing buildings and the construction of new buildings.

Those outside consultants were retained; $500,000 was appropriated over a 2-year period for that purpose. We now have all of the documents done by the outside architect/engineers, and we were encouraged to start seeking funds to implement that program with the 1985 request, and that, of course, we were unsuccessful in doing. We again were encouraged to make the submission since this was a one-time expenditure.

We also had sought restoration of the funds that were taken out of the university's base budget, which represented at that time $14.5 million.

Senator WEICKER. Your current facilities for academic housing, for science, how adequate are they?

Dr. CHEEK. Mr. Chairman, to be quite honest with you, in terms of our physics building, I would characterize it as deteriorated. We offer a Ph.D. program in this field in a building that was built around 1910, and it is just impossible to upgrade it.

There has been projected, by the consultants, a comprehensive sciences building. We had thought that we were going to be successful in getting that underway.

Our laboratories have remained in a rather deplorable state for some time, because we have had all construction and renovations placed on hold.

Senator WEICKER. Let me ask you this: Dr. Cheek—I would be far more impressed, and I would go to bat for your university on this matter of science facilities, laboratory facilities, the physics building, academic housing.

I would be far more impressed to plead your case before the Senate of the United States if I didn't have hotels, domed stadiums, and all the rest of this business going on. That is what I find hard to relate to.

Dr. CHEEK. Please, Mr. Chairman, don't get exercised by the domed stadium. Don't rely on the headlines that you read in the newspaper; that is really not the real nature of that project.

Senator WEICKER. But I do. You will always have my support on those things that directly relate to the normal academic life of any university in the United States of America. But it seems to be that we get disconcerted, or you get disconcerted with these other projects.

Indeed, you are absolutely right, in this day and age of supposed emphasis on sciences, mathematics, et cetera, to have a 1910 building is preposterous, and the fact that your laboratories are outdated. That is where you run into trouble with this committee, and with the public as a whole.

THE HOWARD INN

Dr. CHEEK. Mr. Chairman, I have tried to explain this several times, and without success. The hotel facility was really built on Howard's campus. The School of Business and Public Administration was established in 1970. A part of the program offerings projected for the school from the time of its conception was to offer a degree program in hotel/motel management.

We could not offer that program until we had available to us a facility to provide intern training for students enrolled in hotel/motel management and administration. If you look at the figures, Mr. Chairman, on the number of blacks in managerial positions in the hotel industry of the United States, they are deplorable, and I have them here.

Despite all of the hotel/motel programs that exist at universities in the country, there are less than 15 black students enrolled in all of them. We, in just this short period of time, have already, since 1983, graduated more black students in a new program than all of the black students enrolled in the programs at Cornell, Michigan State, Houston, Texas, et cetera.

The hotel is providing an opportunity for students to enter into an occupational level in an industry that is considered a growth industry. I certainly would like to submit to your staff for review the numbers that currently exist for people that we serve primarily in this field. It is frankly not something that we acquired unrelated to the university's fundamental nature.

Senator WEICKER. Nobody ever argued the fact that you should not be able to offer a degree in that area, what we argued was whether or not it was being properly staffed. Indeed, when you had the opportunity to bring the Marriott Corp., you had the support of this committee. How is that working out?

Mr. CHEEK. We no longer have the Marriott Corp., with us. We are now operating the hotel under the guidance of the Department of Management in the School of Business. It was our feeling, after that first year of experience, that we would actually do better by having that arrangement, and that is the arrangement we currently have.

Senator WEICKER. How much were you paying Marriott?

Dr. CHEEK. A $50,000 flat fee.

Senator WEICKER. What is the accumulated operating deficit?

Dr. CHEEK. The accumulated deficit, going back to the time when it was acquired and relying on all that the accountants put in, is $7 million.

Senator WEICKER. What was the deficit in the last 3 years?

Dr. CHEEK. For last year, the loss—I would differentiate between a loss and an operating deficit—during the year that we had the Marriott Corp., was $1.3 million. At June 30, 1985, this was reduced to $924,000. As of March of this year, it is about $541,000.

I should note that we have been able to cut the costs by virtue of the use of student interns who have to rotate through all of the departments of the hotel, as well as by increasing the occupancy rate by virtue of rather aggressive promotion.

Senator WEICKER. What is the occupancy rate that you have at the present time?

Dr. CHEEK. It has averaged approximately 55 percent. But for at least 5 months, it has been 65 percent or better. The hotel industry projects that one needs to maintain a 65-percent occupancy in order to break even. I think with the changes and developments that have taken place in the environment in which the university is located, in association with community development, an organization located there, that we will see that picture change considerably.

MATCHING ENDOWMENT PROGRAM

Senator WEICKER. How is the endowment program going at Howard?

Dr. CHEEK. As of today, we transmitted a request to the Department for the remaining $200,000. I don't know whether Mr. Skelly has received that yet.

Mr. SKELLY. Yes; I was given it by the staff.

Dr. CHEEK. As of today, we have matched 100 percent the first $2 million that was provided. I should point out, Mr. Chairman, that has occurred since last July, because although the appropriation was earlier than that, we could not actually solicit funds until the Secretary and I had worked out the fundamentals of the agreement.

COST PER STUDENT

Senator WEICKER. The Department's budget documents indicate that its long-term strategy is to help Howard find means of reducing its dependence on Federal support. How much does it cost Howard University to educate one undergraduate student for one academic year?

Dr. CHEEK. It is about $8,000 on average, but as you can appreciate it would vary.

CURRENT TUITION CHARGE

Senator WEICKER. What is the tuition charged?

Dr. CHEEK. The tuition, at the current time, for an undergraduate is $3,000.

Senator WEICKER. The Department of Education's budget documents encourage Howard to increase its tuition and states, "increases in tuition are unlikely to discourage attendance" at Howard and that even a relatively small increase in tuition would yield a large increase in revenue.

Would you like to comment on that?

Dr. CHEEK. It is clear that we do have to make adjustments in our tuition rates, Mr. Chairman. There is a limit, however, to the percentage that we can increase tuition in a given year. Unfortunately, it is my judgment that, for too many years, the university was encouraged to maintain its tuition at a rate lower than it should have been.

For example, I am in my 17th year, and when I came the tuition was $500, when actually it should have been twice that amount. It has been increased from that to $3,000 as of 1985. Our Board of Trustees at the end of this month will be considering adjustments for next year. But we have to take into account the impact on our students in light of the available financial aid resources.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. I have further questions for response to the record. I want a response especially on this matter of Howard University Hospital.

Dr. CHEEK. Yes, and thank you very much, Mr. Chairman. We appreciate it.

Senator WEICKER. Thank you.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

DEFAULTED FEDERAL LOANS

Question: In what Federal educational loan programs is Howard ineligible to participate due to inordinately high default rates?

Answer: Howard University is not ineligible to participate in any Federal educational loan program. The University has aggressively moved forward with a no-nonsense collection program and is currently eligible to participate in all Federal loan programs.

Question: The Department's budget documents indicate that "its long term strategy is to help Howard find means of reducing its dependence on Federal support." How much does it cost Howard University to educate one undergraduate student for one academic year vs. the tuition you charge? What portion of these costs is covered by the tuition you charge?

Answer: The cost varies among our seventeen separate schools and colleges. I am enclosing a schedule of costs per student by schools and colleges and tuition charges for each school and college.

(The information follows:)

HOWARD UNIVERSITY

Schedule of Educational Costs Per Student
June 30, 1985

	Student Enrollment	Direct Costs Faculty Salaries	Other Direct Costs	Indirect Costs	Overhead	Total Per Student	Tuition	Net Cost Per Student
College of Allied Health Sciences	350	$4,421	$1,575	$4,239	$5,333	$15,568	$2,700	$12,868
School of Architecture and Planning	248	3,301	2,600	4,957	3,659	14,517	2,700	11,817
School of Business and Public Admin.	1,696	1,385	2,593	2,452	1,604	8,034	2,700	5,334
School of Communications	609	2,772	3,716	4,670	3,427	14,585	2,700	11,885
School of Dentistry	399 2/	14,191	9,639	14,590	14,554	52,974	3,700	49,274
The Divinity School	118	2,849	1,889	4,240	3,075	12,053	2,700	9,353
School of Education	113	1,606	6,901	6,181	6,044	20,732	2,700	18,032
College of Engineering	705	5,716	3,093	4,106	6,960	19,875	2,700	17,175
College of Fine Arts	249	5,420	5,353	8,708	6,741	26,222	2,700	23,522
Graduate School	702	9,314	6,128	6,091	4,588	26,121	2,900	23,221
Human Ecology	304	2,416	2,953	3,757	2,686	11,812	2,700	9,112
School of Law	494	2,400	3,788	5,536	4,133	15,857	3,400	12,457
College of Liberal Arts	2,390 1/	2,823	3,781	5,213	3,872	15,689	2,700	12,989
College of Medicine	474	11,061	20,480	15,452	20,577	67,570	4,500	63,070
College of Nursing	224	3,169	3,019	4,338	3,241	13,767	2,700	11,067
College of Pharmacy	135	8,877	2,934	9,275	6,433	27,519	2,700	24,819
School of Social Work	158	3,069	5,314	7,160	5,266	20,809	2,700	18,109
Total	9,368							

1/ Includes University Without Walls
2/ Includes Dental Hygiene

Question: The Department of Education's budget documents encourage Howard to increase its tuition and states, "Increases in tuition are unlikely to discourage attendance" at Howard and that even a relatively small increase in tuition would yield a large increase in revenue. What are your plans for increasing tuition at Howard?

Answer: The issue of tuition and fees is addressed every year by our Board of Trustees. Generally, the Trustees have increased tuition annually and it is my expectation that our Trustees will approve an increase in tuition at their meeting scheduled for April 26 or at the June 6, 1986 meeting.

Question: In addition to raising tuition, what other options are being discussed to reduce Howard's dependence on Federal support?

Answer: The University is discussing both the feasibility and the possibility of obtaining ongoing additional revenue from profit making ventures. The issue of securing a stable, dependable source of revenue from sources other that the Federal appropriation and tuition is extremely difficult. To this end, the University has secured a commercial radio station that is now a stable, dependable source of revenue. (The first six years of operation were losses). The University also envisions the Howard Inn to become a revenue producer in the next several years as well as obtaining revenue from a proposed commercial shopping center and a proposed commerical office building. These and similar activities are being operated by a number of other educational institutions across the country. These are the basic options currently under review.

HOWARD UNIVERSITY HOSPITAL

Question: What has been the effect of level Federal support for the Howard University Hospital over the past 10 years? What programs have suffered the most?

Answer: During the 10 year period 1976 to 1986, the operating budget for the Hospital has increased some three-fold. The Federal appropriation funding level decreased from 53 percent of the operating budget in 1976 to approximately 18 percent in 1986. Within this period, the Hospital was reimbursed for patient care services through Medicare and Medicaid on a retrospectively determined cost-based reimbursement system. Through careful management and sound financial planning, the Hospital was able to increase substantially non-direct appropriation funding. Through cost-based patient care sources, the Hospital was able to reduce its dependency on direct Federal funds. The Hospital in general was able to maintain its commitment to its mission. We have continued to train minority physicians and other health professionals while serving the poor, black population of the city. In this past ten year period, we have held to our mission. However, holding our mission should not be confused with advancing our mission. While we have become better managers, we also recognize areas where needs exist but remain unfilled because of budgetary constraints. Elements of our teaching and community service programs have been stopped, cut back, or passed over because of monetary limitations. The programs we have chosen to reduce or defer are:

Community outreach--Health delivery and education programs designed under grant-funded projects to fill a void have been stopped or curtailed.

Long term care and mental health--Critical service and teaching opportunities hae been lost here. The health status of our black population is less than acceptable in general. The lack of education and service programs for geriatric and mental health care are severe deficiencies resulting from budgetary limitations. As the entire population ages, and especially as the black population ages, it is essential that the Nation has properly trained doctors and health professionals ready to provide care. Such training is part of our mission. However, budget limitations force us to defer filling this need.

Question: Why has the budget request for the hosptial remained constant for the past 10 years when all other areas of the Howard budget were increased?

Answer: In 1977 an agreement was reached with the Department of Health, Education and Welfare and the Office of Management and Budget to hold the Hospital funding constant. This agreement was reached at a funding level proposed by Howard, pursuant to a provision of the law which transferred Freedmen's Hospital to the University (P.L. 87-262, Sept. 21, 1961) which provides: "It is hereby declared to be the policy of the Congress that, to the extent consistent with good medical teaching practice, the Howard University Hospital facilities shall become progressively more self-supporting." The actual ten year history shows that the Hospital did make significant strides in building financial strength.

Question: Have the numbers of low-income patients you are treating increased significantly in the past 10 years? Are you turning away such patients?

Answer: Since July 1, 1974, our complement of patients who receive health coverage from Federal programs and/or have no coverage has shifted from 64.2 percent to 75.5 percent of our total patient population as of June 30, 1985. Such Federal programs include Medicare, Medicaid and the D.C. Medical Charities Program. As the principal participant of the D.C. Medical Charities Program, a program for the medically indigent population of the D.C. area, we consume 47.7 percent of the D.C. Medical Charities payment budget. An integral part of our mission is to provide services to patients without regard to ability to pay. In a recent study conducted by the D.C. Hospital Association, it was noted that when compared to other D.C. hospitals we provided the largest amount of free care. The people we serve need health services. We have never turned away any patients.

Question: Has the quality of your health professions programs been affected by reductions in Medicare reimbursements for medical education? If so, how?

Answer: No, because of the increasing strength of Hospital management, and the improved financial strength of the Hospital, health education programs have not been reduced or cut off over the past two years. However, we are concerned about the future. Reductions in the Medicare reimbursement for medical education might require curtailment of our programs.

Question: Did you request an increase for the Howard University Hospital in FY 1987 for which you were turned down by the Department or OMB? Where did you seek increases?

Answer: In our budget submission to the Department we did request a five million dollar increase. The requested increase was turned down, but the Department did agree to return the Hospital appropriation to the pre-sequester level of $22,106,000. The requested increase was to have supported development efforts for alternative delivery systems; for community-based outreach service programs; for development of long term care programs; for assistance in providing mental health services to our community; for restoring the capital equipment of many medical departments to state of the art technology; and for providing a pay raise to staff members who have gone without increases for three years.

THE HOWARD PLAZA

Question: How do you plan to finance this project?

Answer: The "Howard Plaza" is being planned as a multi-use (or mixed-use) project that will be developed in phases. There are several means of financing, none of which will require the University to draw upon its present or future financial resources beyond providing the land, most of which the University already owns.

There are several developers who already have expreseed an interest in developing (and financing) the entire project at no major cost to the University. Other developers have expressed an interest in developing and financing selected components of the project, again, at no major cost to the University.

The specific method for financing of the project will depend upon the selection of the development options available to the University. While the full faith and credit of the University will be relied upon in developing and financing this project, the University has been assured by all prospective developers that the University's financial resources, beyond its contribution of the land, will not be required for the project's implementation.

Inasmuch as the project is still the planning and pre-development phase, it would be imprudent to delineate on the public record the specific financing plans currently under review except to emphasize that when the development of the project is undertaken, the University's financial assets and resources will not be adversely affected; to the contrary, these will be enhanced.

Question: How do you justify an effort of this magnitude when your current academic facilities, science laboratories, etc., are so lacking?

Answer: An effort of this magnitude is justified on the following grounds:

1. Apartment units-The "Howard Plaza" will provide 1200 apartment units for graduate, married and professional students and moderate income faculty and staff. Currently, the University is unable to provide housing in proximity to the central campus for graduate, married and graduate-level professional students. Housing for these categories of students within the District of Columbia is disappearing as more and more apartments are being converted into condominiums. The inability of the University to provide housing for these categories of students has become the single most important reason for highly qualified students who are admitted, not enrolling for study at Howard. The same is true for younger faculty and staff who are recruited for employment at the University where such younger faculty and staff being recruited live beyond the Washington Metropolitan area. Even with the creation of 1,200 apartment units for these students, faculty and staff, the University will still have a deficiency in housing for this population.

2. Retail shopping center--The "Howard Plaza" proposes the establishment of more than 180,000 square feet of commercial retail stores whose major customers will be the more than 12,000 students and 7,000 faculty and staff. Currently, there are no retail convenience type stores available in the area of Howard's central campus. Such stores as are now provided on the central campus are limited in the goods and services that can be provided and occupy space in facilities that should be dedicated for teaching, learning and research.

The relocation of such stores to a facility in proximity to the central campus will provide students, faculty and staff with more goods and services in a greatly enlarged space more convenient and at lower cost. The shopping center will also provide retail services to the surrounding community.

3. Professional office building --The proposed office building in the "Howard Plaza" will accomplish the following: (a) Provide office facilities for several of Howard's administrative, research and community service activities that currently cannot be accommodated on or near the central campus. Monitoring these activities at distant locations is costly and new activities being planned are required to be on or near the central campus. A Federal appropriation to address this requirement is not likely to be provided. (b) Numerous organizations and professionals (physicians, lawyers, architects, and engineers in private practice) have expressed a desire to be physically located in the Howard University environment. The projected office building will be able to accommodate such organizations and professionals in the Howard environment with benefits to Howard students and faculty in teaching, learning and research.

4. Parking building--As an inner city university, Howard University has a serious problem in accommodating the need for parking facilities for the University and the Hospital. This facility would have to be constructed on the land area

of the "Howard Plaza." The parking building is being planned to accommodate Howard faculty, staff and students during the period of the day and week when the demand is the highest. This facility will provide parking facilities for other programs and activities at the "Howard Plaza during the day and week when such other activities are at their peak and in greater demand.

5. Convocation center-athletic arena--This facility, characterized in the premature press reports as a "stadium," is being planned as a convocation center-entertainment arena to accommodate University activities that currently cannot be accommodated in an enclosed environment. Although this component of the "Howard Plaza" will probably not be implemented within the five year period for development of the project, the University has deemed it advisable to include it as a part of the Master Plan for the project in making presentations to District of Columbia agencies, developers and other entities for such zoning and other approvals as may be required. Despite the fact that the Congress appropriated funds to construct a field house at Gallaudet College a few years ago, Howard University has been unable to gain support from the Executive and Legislative bodies for any activity to support the University's athletic program.

Private sector support of this component of the "Howard Plaza" project appears to be the only practical and realistic prospect for enabling the University to provide a multi-purpose facility of this type for the benefit of the University and the entire Washington, D.C. community.

All of the component facilities being planned for the Howard Plaza are revenue producing facilities and thus qualify for private sector development and financing.

Question: Why do you feel you need a stadium that seats 10,000 more people than the Capital Center?

Answer: The seating capacity of the convocation center/athletic arena is dictated by the National Collegiate Athletic Assocation (NCAA) which requires that universities participating in Division I-A intercollegiate athletic competition must have available, on a regular basis, an area with a minimum seating capacity of 30,000. In 1970, Howard University and six other predominantly black institutions formed a new conference with the objective of achieving Division I-A status in the NCAA. We have been advised by the architectural and engineering consultants that the cost of constructing a 20,000 seat facility is the same as that for a 30,000 seat facility, except for the cost for the additional seats.

Although this facility is being projected as a long-term project, it would be imprudent to plan this facility with a seating capacity not consistent with the University's long-range plans for its intercollegiate athletic programs.

Question: To be more specific, how do you justify a $150 million commercial venture when your academic program and construction needs are at a level which is $100 million less than you requested of the administration for FY 1987?

Answer: As indicated earlier, this commercial venture is justified because (1) it will convert a non-revenue producing asset (undeveloped land) into a revenue producing asset, (2) the project will be structured in such a manner that will provide additional revenue to the University, (3) the land area proposed for the "Howard Plaza" project is essentially a slum area and is a gathering place for dope pushers and muggers and, therefore, is a dangerous environment within the University's campus boundaries. (4) "Howard Plaza" does not compete for funding with academic facilities because the need for academic facilities will not be met by partnership with a commercial development entity because such academic facilities are not revenue producing.

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

RESEARCH AT HISTORICALLY BLACK COLLEGES

Question: How are the historically black colleges and universities faring in research in the fields of life sciences, mathematics, physical sciences and computer sciences?

Answer: A recent report by the National Science Foundation reveals that science and engineering education and research support at the historically black colleges and universities receive less than one percent of all Federal obligations for the sciences to colleges and universities. They enroll about 1.5 percent of all college students. In 1984, the historically black institutions received 5 percent of total research and development funds awarded to institutions of higher education, according to the annual report of agency accomplishments under the White House initiative on historically black colleges and universities.

Howard University is taking the lead to help focus national attention on the value and potential of increased contributions of sciences and engineering activities at the historically black colleges and universities. We are assisting the White House Office of Science and Technology Policy and the National Academy of Sciences plan a September 1986 national conference that focuses on strengthening the contributions of HBCU's to sciences, engineering and technology.

ABILITY TO SUPPORT RESEARCH

Question: Can Howard University support research from its academic programs and peer review grants and contracts?

Answer: The University believes that it will be unsuccessful in competing for major research support without special, additional funds. It cites the fact that the top 50 university recipients, not including Howard, receive two-thirds of the research money going to academe. The Department believes that the University will be in much better competitive position as a result of the 5 million spent in 1985 and the $4,785,000 available in 1986 and that additional funds will not be necessary in 1987.

Questions Submitted by Senator William Proxmire

Question: President Cheek, please give us an update on the University's suspension from participating in the Health Professions Student Loan Program because of its high default rate. I understand you had until last June to resolve the situation in order to remain in the program. Were you successful?

Answer: The University was successful and we are currently in the program and have reduced our rates in the three major programs to less than five percent. The current delinquent rates are:

Health Professions - Medicine	4.38%
Health Professions - Dentistry	4.66%
Health Professions - Pharmacy	3.65%
Health Professions - Nursing	14.00%

Question: Some of these loans--and there were 674 of them--have been delinquent for as long as 20 years. Why didn't the University itself seek repayment long ago?

Answer: The University has not had any Health Profession Loans in a delinquent status for 20 years. There have been National Direct Student Loans with a long history of delinquency. This was of course prior to my administration and I can only surmise that these problems occurred because (1) the programs were new and (2) the regulations at that time were not only unclear but there was a national feeling that these were really not loans and no serious effort, on a national basis, was made to collect the loans. (This was the period of the 1960s). Further, many of the recipients of these loans have moved and it was not possible to locate them. The University's current position is to aggressively collect the loans including the use of litigation.

Question: What about the University's default rate under the Direct Student Loan program? Last year, it had dropped to 16.54 percent. What's the latest data available?

Answer: The default rate of the Direct Student Loan program is 14.17 percent as of February 28, 1986. The University has been fully restored to this program and this rate is being reduced slowly. The primary reason for the slow rate of reduction under this program is the fact that many of the delinquent persons cannot be located.

TUITION AND FEE CHARGES

Question: The Department's budget justifications suggest that the University could increase its tuition to a level commensurate with comparable black universities as a means of increasing its non-Federal revenues. Last year, for example, tuition represented 15.2 percent of the University's total revenue budget while the Federal appropriation counted for 60.9 percent. Do you forsee a tuition increase in the near future?

Answer: The Howard University Board of Trustees will address the issue of tuition and fee charges at either their meeting of April 26 or June 6, 1986.

STUDENT AID CUTS

Question: You indicate that approximately 60% of your budget for operations comes from your Federal appropriation. In addition, what percent of your budget is derived from Federal student financial assistance? What percent of your students receive such financial assistance? With reductions in virtually all programs comprising Federal financial assistance, what percent of your students might be unable to attend Howard should the President's higher education budget be approved?

Answer: The percentage of our budget derived from Federal student financial assistance is approximately one percent. Sixty percent of our students receive Federal financial assistance. Should the President's higher education budget be approved we expect that many students would be affected.

SUBCOMMITTEE RECESS

Senator WEICKER. The subcommittee will stand in recess until tomorrow morning at 9:30, and at that time, we will hear testimony from the following accounts for the Department of Education: Student financial assistance, guaranteed student loans, higher education, higher education facilities loans and insurance, and college housing loans.

[Whereupon, at 11:20 a.m., Tuesday, April 15, the subcommittee was recessed, to reconvene at 9:30 a.m., Wednesday, April 16.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

WEDNESDAY, APRIL 16, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:26 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Proxmire, Specter, and Harkin.

DEPARTMENT OF EDUCATION

POSTSECONDARY EDUCATION

STATEMENT OF C. RONALD KIMBERLING, ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION

ACCOMPANIED BY:
- RICHARD HASTINGS, DIRECTOR, DEBT COLLECTION AND MANAGEMENT ASSISTANCE SERVICE, OFFICE OF POSTSECONDARY EDUCATION
- JOHN S. HAINES, DIRECTOR, POSTSECONDARY ANALYSIS DIVISION
- SALLY K. KIRKGASLER, DIRECTOR, OFFICE OF POLICY DEVELOPMENT

PREPARED STATEMENT

Senator WEICKER. This morning we will be hearing testimony regarding several higher education accounts within the Department of Education.

Our principal witness for all accounts this morning is C. Ronald Kimberling, the Assistant Secretary for Postsecondary Education. Mr. Kimberling, why don't you begin by summarizing the three higher education accounts, higher education, higher education facilities loans and insurance, and college housing loans, and after questioning from Members of the subcommittee, we will move on to the next two items on our agenda. Please introduce your colleagues and proceed as you wish. Your full statement will be included in the record in their entirety.

[The statement follows:]

STATEMENT OF C. RONALD KIMBERLING

HIGHER EDUCATION

Thank you for the opportunity to present the fiscal year 1987 budget request for the Higher Education account which totals $261.6 million. This amount is approximately $7 million more than our revised 1986 request of $254.8 million.

The emphasis of our request is on the Federal commitment to addressing the postsecondary educational aspirations of poor and disadvantaged individuals. To meet that commitment, we propose to target funds to those activities which assist developing postsecondary institutions serving high percentages of disadvantaged students, and to activities which provide special support services to disadvantaged students. We are, however, proposing to restructure the current programs so that they carry out these objectives more effectively, and we are also proposing ways of encouraging institutions to seek funds from non-Federal sources. In addition, we are proposing a modest amount of funds to stimulate excellence and quality in postsecondary education.

The Higher Education account has historically funded a number of small programs. For the past several years, we have requested no new funding for a number of these authorities. Some of these programs have outlived their original purpose. Others have met their objective of demonstrating the effectiveness of a particular educational approach. Still others have goals which can be better met by the private sector. At a time when we are all concerned about the Federal deficit, it seems even more appropriate to eliminate these programs.

Aid for Institutional Development

Our 1987 request includes $141.2 million for Title III of the Higher Education Act which authorizes Aid for Institutional Development. These programs assist colleges and universities which enroll a high percentage of disadvantaged students--including the Nation's historically Black colleges and universities for which a total of $45.7 million would be reserved.

The Department proposes to refocus and modify significantly the program objectives of Title III of the Higher Education Act. The proposed changes to the Title III programs reflect a reconceptualized program objective--to help eligible institutions develop solid financial bases so that they will no longer need annual Title III assistance to survive.

The Department would significantly change the criteria used in determining program eligibility. This would permit better targeting of program funds to institutions which serve substantial percentages of disadvantaged students, and which lack the financial bases necessary to continue providing such services.

We propose increased funding for Endowment Grants. This increase will, in the long run, enable institutions themselves to support improvements in management, administration, academic programs, and student services. A number of program improvements would be made to assure the success of the program in stimulating the growth of institutional endowment funds. Specifically, a goal for institutions participating in the Endowment Grant program would be established. The goal would be to assist institutions in building a $10 million endowment corpus. This level of endowment would generate income in excess of the average annual development grant under the existing authority.

In addition, we propose to consolidate the two current development grant programs into one to ensure institutions a smooth transition from direct Federal support--which is emphasized under the current programs--to endowment building.

Aid to Disadvantaged Students

The 1987 budget includes $82.4 million for programs designed to assist institutions and agencies in providing poor and disadvantaged individuals with information and skills needed to make critical academic and career choices, and to enroll in postsecondary educational programs. As with the programs designed to aid institutional development, the Department has proposed significant changes to the authorities under which this assistance is provided so as to eliminate overlapping objectives.

The Department proposes to consolidate five similar outreach authorities--Upward Bound, Talent Search, Educational Opportunity Centers, the Migrant High School Equivalency Program, and the unfunded Education Outreach Program. We believe that the Federal role of encouraging institutions and agencies to initiate outreach activities and to then continue providing such services with their own financing can be achieved under a streamlined program funded at about one half the current level.

The Department also proposes to continue to assist institutions in providing the counseling and support services necessary for disadvantaged college students to successfully complete a postsecondary education. To help accomplish this purpose, the Department proposes to consolidate the similar College Assistance Migrant Program and Special Services for Disadvantaged Students authorities. Through a new Special College Services program, institutions would be encouraged to assimilate special academic and support services for poor and disadvantaged students into their own budgets. This will enable the Department to continue to support about the same number of institutions with about one-half of the funds made available in prior years.

Strengthening Postsecondary Quality

For 1987, $10 million is requested for the Fund for the Improvement of Postsecondary Education (FIPSE). This program helps the Department fulfill its leadership role in stimulating improvements in the quality of postsecondary education. Over the past several years, this program has been shown to be both successful and cost-effective in encouraging institutions of higher education, as well as public and private organizations, to improve the quality of the education provided--but without intruding on institutional prerogatives. The 1987 request would enable FIPSE to address a number of significant quality issues in postsecondary education.

In addition, the Department is proposing a new Institutions

Science Improvement Program for Disadvantaged Students (ISIPDS). This program would replace the current Minority Institutions Science Improvement Program under which eligibility is determined on the basis of race. The 1987 request level of $5 million would promote quality in science education at institutions serving significant numbers of financially disadvantaged students.

Academic Facilities

The 1987 request includes $23 million for Interest Subsidy Grants which will be used to make subsidy payments on an existing portfolio of higher education facilities loans. These payments are contingently guaranteed under agreements with institutions of higher education. The Department is proposing repeal of the authority to enter into new commitments--retaining only the few statutory provisions needed to continue making payments of subsidies under existing agreements.

Other Higher Education Programs

The 1987 request proposes elimination of several programs in the Higher Education account. These programs have either fulfilled their original purpose, have provided services available from other programs or are not fundamentally a Federal responsibility. Low priority programs are, therefore, proposed for elimination to help reduce the Federal deficit and to focus Federal expenditures on more critical areas.

The Cooperative Education and Law School Clinical Experience programs have fulfilled their original purposes. These programs were begun to demonstrate the soundness of cooperative education and clinical legal education. The effectiveness of these educational methodologies has been well documented, and institutions themselves should now provide the necessary funding.

The Veterans' Cost-of-Instruction program has outlived its original purpose. This program was designed to address the special higher education needs of large numbers of returning Vietnam veterans. The Vietnam conflict ended more than a decade ago, however, and there are no longer the large numbers of enrolled veterans needing the special outreach and support services provided by this program. Instead, Vietnam veterans can avail themselves of general counseling and support services available at colleges and universities. For this reason, no funds are requested for this program in fiscal year 1987.

The graduate programs (including Graduate and Professional Opportunity Fellowships, Public Service Fellowships, National Graduate Fellowships, Legal Training for the Disadvantaged, and Law School Clinical Experience) provide financial support to graduate students. There is already adequate financial aid available from a wide variety of Federal and non-Federal sources which needy students can use to help defray the cost of undertaking graduate education. Moreover, Federal funds should not be targeted to disciplines which supply an adequate number of new graduates.

No funds are requested for the Carl D. Perkins Scholarship program for similar reasons. The Perkins Scholarship program is designed to provide financial assistance to students planning to pursue a career in teaching. The Federal Government, through other programs administered by the Department, has provided and will continue to provide financial aid to needy students including those planning to pursue a career in teaching. It seems inappropriate, therefore, to initiate a new program to provide support to a small number of students.

No funds are being requested for International Education and Foreign Language Studies. We believe that these programs can best be supported by the institutions themselves and by the private sector. Institutions of higher education currently provide nearly 95 percent of the operating funds of National Resource Centers, the largest of the programs supported under this authority. In addition, activities similar to some of those supported by the Department are being supported through philanthropic and other private sector means. Where there are specific Federal needs relative to foreign language and area and international studies, those needs can better be met through the specialized programs of other Federal agencies with substantive interests in international affairs.

Finally, no funds are requested for Academic Facilities Construction Grants, Assistance to Guam, the Robert A. Taft Institute of Government, and the Center for Excellence in Education. These activities are all non-essential and therefore, of low priority. Moreover, these activities are more properly the responsibility of colleges and universitites, State and local governments, and private sector users and beneficiaries of higher education services.

Fiscal Year 1986 Rescissions

The President also is proposing rescissions of $181 million of fiscal year 1986 funds. These reductions will help achieve needed deficit reduction savings particularly in 1987 when 75 percent of the outlays associated with these rescissions would occur. Achieving these savings now would help avoid the need for budget authority reductions in 1987 and beyond. The proposed rescissions include: $86.4 million for Special Programs for the Disadvantaged; $2.9 million for Veterans' Cost-of-Instruction; $2.2 million for the Fund for the Improvement of Postsecondary Education; $30.7 million for International Education; $13.8 million for Cooperative Education; $9.6 million for Academic Facilities Construction Grants; $18.9 million for the Graduate Programs; $9.6 million for Carl D. Perkins Scholarships; $479,000 for Assistance to Guam; $718,000 for the Robert A. Taft Institute of Government; and $5.7 million for the Center for Excellence in Education. The activities proposed for rescission either are duplicative of or similar to other Federal, State or local programs, or are narrow in purpose and nonessential.

Thank you again for the opportunity to appear today to present the fiscal year 1986 and 1987 request for the Higher Education account. My colleagues and I will be happy to respond to any questions you may have.

HIGHER EDUCATION FACILITIES LOANS AND INSURANCE

I am pleased to have this opportunity to appear before you to present the fiscal year 1987 request for Higher Education Facilities Loans and Insurance. We are requesting $19.2 million this year under the program's annual appropriation authority, an increase of $1.2 million over the fiscal year 1986 level. No funds are requested under the permanent appropriation authority, and no new loan authority is being proposed.

During the period of substantial higher education enrollment growth in the 1960s, this program provided hundreds of long-term, low-interest loans to colleges and universities to finance academic facilities construction and renovation. Most of these loans are still outstanding, and an annual appropriation is needed to meet the operating costs associated with this portfolio. The program has a "built-in" operating deficit which results from the interest being paid by institutions on their facilities loans being substantially lower than the interest rate at which the revolving fund reimburses the Treasury for loan capital.

Under Higher Education Act reauthorization, we are proposing that legislative authority for making new loans be repealed entirely. We do not believe that the Federal Government should assume responsibility for financing the capital outlay needed to generally maintain the physical plant of institutions of higher education. This is the responsibility of the institutions themselves, State and local governments, and private sector users and beneficiaries of higher education services. To the limited extent that the Federal Government has an interest in higher education infrastructure, it relates to specialized research and development facilities and equipment. In this instance, however, other Federal funds are available through the broader and more appropriate research and development authorities of agencies such as the National Science Foundation, the Defense, Energy, and Agriculture Departments, and the National Institutes of Health.

The need for general classrooms and related academic space has greatly diminished, and is projected to diminish even further as postsecondary enrollments decline. Moreover, the improved state of the economy has helped to reduce the need for general-purpose facilities assistance. Deferred maintenance--the source of much of the need for general facilities renovation over the past few years --became a problem because institutional budgets were being strained by high inflation, rapid increases in energy costs, and a general decline in discretionary resources at the State and local levels. These conditions have happily been reversed, however, and institutions are now in a better position to adequately maintain their physical plants.

This concludes my remarks. My colleagues and I will be happy to answer any questions you may have.

COLLEGE HOUSING LOANS

I am pleased to have this opportunity to appear before you to present the fiscal year 1987 request for College Housing Loans. This year, as in previous years, we are requesting no budget authority and no new loan authority. In addition, we are requesting supplemental appropriation language to withdraw the 1986 post-sequester loan authority of $57.4 million.

As in prior years, the costs associated with managing and servicing existing loans, including the payment of interest insufficiencies on outstanding certificates of participation in the loan portfolio, would be financed from loan repayments and other income.

Our proposal to make no new loan commitments in 1986 and 1987 reflects our strong interest in curtailing nonessential expenditures and in eliminating unnecessary and expensive credit subsidies.

This program's revolving fund has a substantial outstanding balance of Treasury borrowings used in prior years as program loan capital. Continuing to loan these funds to colleges year after year requires the Treasury to keep outstanding a similar level of Federal borrowing from the public at the prevailing rate for long-term notes and bonds. As such, the Federal Government is effectively paying the difference between the average 3 percent interest rate on institutional loans and the prevailing interest rate for long-term Treasury borrowing. This subsidy results in a large off-budget program cost estimated at $253 million for 1985 alone. This subsidy is especially unnecessary now in view of the healthy commercial lending markets and State and local bond financing available at relatively low interest cost.

In any event, declining enrollments are reducing the need for college housing. Approximately one-third of the Nation's colleges and universities experienced enrollment declines between academic years 1981 and 1984, and at best, overall higher education enrollments are expected to remain relatively stable over the next few years.

More important, the demographics of the college-going population are continuing to change in ways that will further lessen the demand for on-campus housing. Increasingly, college and university classrooms are being filled by older students. In the fall of 1971, less than 30 percent of all college students were 25 years old or older. By 1981, nearly 40 percent of all college students were in this age bracket, and it is projected that this will increase to nearly 50 percent by 1991.

The significance of this demographic change is that older, non-traditional students rarely live on-campus. As a result, the demand for housing space can be expected to decrease even more so as these students grow to represent a larger and larger proportion of the college population.

Along with our request to discontinue all new loan assistance, the Department plans to begin packaging and selling the existing loan portfolio. We estimate that about half of the current loan assets will be sold in 1987, with an additional amount sold in 1988 such that 90 percent or more of the loan obligations will be turned over to the private sector. These loan sales will help to accelerate achievement of our objective of encouraging the private sector to be more involved in financing higher education capital outlay.

This concludes my remarks. My colleagues and I will be happy to answer any questions you may have.

STUDENT FINANCIAL ASSISTANCE

It is a pleasure to be here to present our budget request for the Student Financial Assistance account. Our budget request for fiscal year 1987 is $3,812,568,000--a significant commitment of Federal resources for student aid.

The Administration is proposing a major philosophical reorientation of the Federal student aid programs designed to restore the proper Federal role in the financing of postsecondary education. The dramatic growth of Federal appropriations for these student aid programs and the Guaranteed Student Loan program--from $3.7 billion in 1978 to $7.9 billion in 1986--has resulted in an excessive reliance on Federal student aid which abuses the spirit and intent of these programs as a supplement to, not a replacement for, other sources of college financing. Our restructuring restores the traditional emphasis on the responsibilities of parents and students for financing college costs, reduces opportunities for fraud and abuse, simplifies program administration, provides a new, unsubsidized Income-Contingent Loan program as a restructuring of the current National Direct Student Loan program, and reinforces the principle of cost-sharing with participating institutions. In addition, consistent with the Federal objective of helping provide equal opportunity for a postsecondary education, our 1987 budget request targets Federal resources on the neediest students while making progress in reducing the Federal deficit.

To help implement this philosophy, the Administration is proposing a major new program initiative--an unsubsidized Income-Contingent Loan program as a restructuring of the excessively subsidized, fixed-repayment NDSL program--and is again proposing the authorization of tax-exempt Education Savings Accounts. The Administration is also recommending other legislative changes designed to restore the proper Federal role in financing postsecondary education costs. These reforms include the following:

-- A single, simplified family need analysis system would apply to all Department student aid programs (except for the non-subsidized PLUS loan program).

-- Students below the age of 23 would be considered dependent on their parents in determining eligibility for Federal assistance. Exceptions would apply to orphans or wards of the court or students who can demonstrate self-sufficiency for the two years prior to the year of application. The current three-question criteria would also be applied (regardless of student age) to the award year and the two years prior to the award year. These tighter and more verifiable criteria would reduce widely recognized program abuse and help restore emphasis on appropriate parental responsibility in meeting postsecondary costs.

-- A minimum self-help expectation of $800 would be required in determining eligibility under the Department's student grant programs. This is consistent with the principle that students should contribute toward their own educational costs since they are the primary beneficiaries of education. In addition to income from unsubsidized private employment and savings, federally supported loans or work-study employment could be used to help meet this expectation.

-- Student living allowances for room, board, books, supplies, and transportation expenses would be standardized across all aid programs. A uniform allowance would limit on-campus living costs for the first time, and provide a more accurate assessment of actual costs for students living off-campus.

-- The sum of the Pell Grant and grant aid awarded under the Campus-Based Aid program would be limited to 60 percent of the cost of education, minus the expected family contribution. Any remaining need for assistance could be financed through other Federal, State, institutional, or private assistance, including non-Federal grants. A limit on the amount of Federal grant aid would reinforce the principle that every student should make some personal commitment to financing his or her postsecondary education.

-- A high school diploma or its equivalent would be required for receipt of any Title IV student assistance. Subjective determination of a non-high school graduate's "ability to benefit" would no longer be sufficient to establish eligibility. This would eliminate abuses documented by the General Accounting Office and would more clearly define postsecondary entrance requirements.

-- Undergraduate eligibility for all Federal student assistance would be limited to four academic years, plus a fifth year for five-year academic programs and in exceptional circumstances. This would restore a reasonable time frame for an undergraduate course of study which unfortunately was repealed from the grant programs in 1980.

In keeping with the Administration's emphasis on self-reliance, we are again proposing a tax incentive measure to encourage low- and middle-income families to save for their children's education. Families with incomes up to $60,000 would be able to invest up to $1,000 for each child per year in Education Savings Accounts with interest being exempt from Federal income taxes. This type of program would make education savings more attractive while also contributing to the Nation's economic growth.

Income-Contingent Loan Program

The Administration's major new student aid proposal for fiscal year 1987 is to restructure the National Direct Student Loan program to incorporate an income-contingent repayment plan. For this new proposal, we are requesting an appropriation of $137.6 million. In addition, we are proposing that $52.4 million in collections on defaulted loans supplement the appropriation amount--bringing the total Federal capital contribution to $190 million, equal to the pre-Gramm-Rudman-Hollings appropriation level for fiscal year 1986. Moreover, given the Administration's strong support for this cost-efficient NDSL redesign, the President's Budget proposes to steadily increase new Federal capital contributions over the succeeding four years--reaching $340 million in each of fiscal years 1990 and 1991, with a five year total investment of $1.4 billion.

A restructured National Direct Student Loan program would serve as an important component of the Department's long-term design for continued Federal investment in student aid. More specifically, our proposed Income-Contingent Loan program is intended to accomplish the following objectives:

-- Make student loan repayment burden manageable, flexible, and of as long a duration as needed to accommodate individual post-school incomes.

-- Enhance institutional choice at the undergraduate and graduate levels by authorizing substantially higher loan levels than are permitted under current law. (Institutions would have discretion in setting individual loan amounts within statutory limits. Maximum cumulative undergraduate borrowing would be increased from the current level of $6,000 to $17,500, and total lifetime borrowing for both undergraduate and graduate study would be increased from the current level of $12,000 to $40,000.)

-- Maintain Federal support for a campus-based direct student loan program so as to continue institutional flexibility in designing individual student aid packages. However, institutions could not receive additional Federal support unless they participated in the program under the newly proposed income-contingent repayment plan.

-- Deliver aid at no long-term cost to the taxpayer by requiring borrowers to repay their loans at 3 percent above Treasury borrowing costs. This interest rate is projected, given defaulted loans and borrowers in repayment with insufficient incomes to pay off their loans, to generate a repayment stream with a present value equal to the amount of loans made.

Pell Grants

We are requesting $3.25 billion for the Pell Grant program. From this amount, $250 million would be used to cover prior year costs which amount to $490 million. We plan to seek an additional $240 million in fiscal year 1988 to retire this prior-year shortfall. The remaining $3 billion for fiscal year 1987 would fully fund the Pell Grant if our proposed policies are adopted, and would provide 2,142,000 students with average grants of $1,400.

The Administration's goal of restoring the responsibility of the family and the student in financing postsecondary education costs, while eliminating program abuse and inequities that currently exist in the program, would be accomplished through enactment of the following legislative proposals:

-- Assessment rates for the assets and discretionary income of parents and independent students would be increased from current Pell rates to roughly the levels now used in the Uniform Methodology. These assessment rates would be used in a single need analysis system that would apply to all Federal student aid programs.

- -- The family's expected contribution (EFC) would be taken into account in all award rules. This would eliminate the inequity that currently exists in the Pell Grant program whereby students with different financial resources attending the same low-cost institution receive equal awards. This provision would also preserve Federal grant assistance for the neediest students.

- -- The maximum award would continue to be $2,100, up to 60 percent of educational costs.

Work-Study/Grant Program

As we requested in a similar proposal last year, the Administration is recommending a work-study/grant program which consolidates the current Work-Study and Supplemental Grant programs. Appropriations would total $400 million for fiscal year 1987. This new initiative would provide approximately 825,000 students with grant aid and/or work opportunities averaging $600.

A consolidated work-study/grant program would implement the following three important goals of the 1987 budget:

- -- Improve the efficiency and integrity of student aid delivery by consolidating work and grant activities under one administrative program. This would provide institutions with greater flexibility in meeting individual student needs.

- -- Emphasize "cost-sharing" by institutional participants in providing student aid. Institutional cost-sharing would be substantially increased through elimination of the administrative allowance (currently an average of 4 percent of an institution's allocation) and through phased-in increases in institutional matching requirements reaching 50 percent by 1990.

- -- Promote student employment as an important self-help activity in financing educational costs. Provisions of the consolidated work-study/grant program would emphasize student employment as a means of financing educational costs. Institutions receiving funds under the work-study/grant program would be required to use at least 50 percent of their allocation for work-study awards and the current $2,000 grant limit would be maintained. In addition, the highly successful Job Location and Development Centers, which help establish part-time employment opportunities for students off-campus, would be expanded.

- -- Provide incentives for institutions to develop and expand work-study activities devoted to reducing adult illiteracy. Currently reallocated Work-Study funds have supported tutoring programs to reduce adult illiteracy. The 1987 budget request would promote the expansion of these activities by increasing the allowable Federal portion of earnings for students engaged in these activities. In

1987 the Federal portion of earnings would be 90 percent. As an added incentive, the Job Location Center would be authorized to administer programs devoted to adult literacy whether such jobs were located on- or off-campus.

State Student Incentive Grants

We are again requesting no Federal funding for the State Student Incentive Grant program for fiscal year 1987. The program goal of stimulating all States to provide need-based grants to postsecondary students has been accomplished. All States now have grant programs with most States considerably overmatching the Federal contribution. For example, of 40 jurisdictions which overmatched Federal funds, 30 provided at least 75 percent more need-based grant aid than is required to match the Federal contribution. Nationally, more than $1.5 billion in State grant assistance was available in fiscal year 1985, with the Federal share amounting to only 5 percent of this total. State expenditures have continued to expand even as Federal funding has declined or remained at the same level. This suggests a considerable State level commitment and indicates that Federal funds are no longer necessary to encourage States to provide student financial assistance.

Rescissions

The President also is proposing $456 million in 1986 rescissions to help achieve needed deficit reduction savings, particularly in 1987, when almost 75 percent of the outlay savings would occur. Achieving these savings now would help avoid the need for much larger budget authority reductions in 1987 and beyond.

The Department's revised request level for the Work-Study and Supplemental Educational Opportunity Grant programs for fiscal year 1986 represents rescissions of $64.5 million in Work-Study and $137.3 million in Supplemental Grants. These rescissions would provide for a reasonable transition to a consolidated program and avoid serious disruptions in institutional allocations between the 1985-86 and 1987-88 award periods.

The Department is also requesting rescissions for Federal capital contributions under the National Direct Student Loan program and for State Student Incentive Grants at their post-sequestration levels of $181.8 million and $72.7 million respectively. The Department does not support new Federal capital under the current and unnecessarily costly National Direct Student Loan program. The State Student Incentive Grant program has accomplished its objective of stimulating all States to establish need-based grant programs and no further Federal investment is necessary.

In total, our 1987 budget request would generate about $14 billion in aid to students, approximately the same level as the actual 1985 level and the revised request for fiscal year 1986. Our proposals have been carefully designed to maintain the historical Federal commitment to providing access to postsecondary education for needy students, while simplifying the Federal student assistance programs, providing greater equity in awards, reducing program abuse, and restoring the traditional role of parent and student contributions.

I will be pleased to respond to any questions members of the Committee may have on our budget request.

GUARANTEED STUDENT LOANS

It is a pleasure to be here to discuss the budget request for the Guaranteed Student Loan (GSL) account. Our budget request for fiscal year 1987 is $2,329,586,000, compared with a revised request for 1986 of $3,330,985,000. The 1986 revised level reflects a possible supplemental of $65,044,000 to cover a currently projected shortfall after implementation of sequestration. However, since the estimated shortfall is relatively small and subject to revision as actual costs are incurred, no supplemental is requested at this time.

The revised fiscal year 1986 level of $3.331 billion reflects the propensity for excessively high and possibly rising costs in the GSL program as it is currently authorized. Indeed, between 1980 and 1985--during a period of general spending restraint and generally declining interest rates--GSL net obligations more than doubled, rising from $1.5 billion to $3.9 billion. The major cost, interest subsidy payments, are tied directly to Treasury bill rates and loan volume. While the President's economic program has reduced interest rates substantially, an increase in loan volume--both in-school and in repayment--has increased costs associated with interest subsidies. In addition, despite expanded efforts to collect outstanding defaulted loans and reduce the incidence of default, default claims are expected to increase, primarily as a result of higher loan volume, from an already excessive level of $1.016 billion in 1985 to about $1.26 billion in 1986 and $1.377 billion in 1987. It is indeed unfortunate to see that more than a billion dollars of the GSL appropriations go toward paying off default claims, rather than supporting increased access to postsecondary education for today's students or reducing the deficit.

The 1987 Budget Request

The 1987 budget strategy for the GSL program is consistent with our overall philosophy for student aid of restoring the responsibility of the parents and the student in financing postsecondary educational costs. It also reflects our belief that many problems threaten the integrity of the program and undermine its equity and cost-effectiveness.

Since passage of the Middle Income Student Assistance Act of 1978, the traditional role of the parents and the student in meeting higher education costs has eroded with many higher-income families using low-cost, highly-subsidized GSLs to pay college costs. The general expansion in funding and eligibility for Federal student aid programs has also resulted in an excessive reliance on Federal student aid as a replacement for, instead of a supplement to, other sources of non-Federal financing of college costs. Depending on their costs, students are able to receive as much as $13,000 in Federal financial aid--much more than the full cost of attending a public or private four-year institution--thus encouraging college costs to rise. In addition, the integrity of the GSL program is threatened by rising interest subsidy costs, unnecessary borrowing, excessive bank profits, unnecessary payments to guarantee agencies, rising default costs, and program abuse. Our 1987 budget proposals would control excessive program costs and reduce Federal cost exposure, without reducing access to postsecondary education by needy students.

Our policy proposals are based on the following principles: that borrower costs should more closely reflect current credit market conditions; that Federal intrusion into the credit market should be limited to the degree necessary to ensure adequate access to student loan capital; that student borrowers, as the primary beneficiaries of the program, should bear their own interest costs; that lender yield should be based upon market conditions and not provide an excessive profit margin; and that borrowers, lenders, and the participating States and territories should bear a share of the responsibility for financing the administrative and default costs of the program. We estimate that under our proposals, over $9.3 billion will be borrowed in 1987 by about 3.9 million individuals, an increase in both loan volume and number of borrowers from 1985.

Proposals Affecting Borrower Eligibility

To ensure that Federal subsidies are allocated prudently while also eliminating program abuse, the following legislative changes are proposed.

-- For the regular GSL program, the need analysis requirement would be extended to all family income levels, thus helping to eliminate unnecessary borrowing while ensuring that Federal subsidies are available only to the extent that students demonstrate financial need. This change has been endorsed by many higher education organizations and is under serious consideration by congressional authorizing committees. In addition, a single need analysis system for all Federal student aid programs would improve program integrity and efficiency while helping to restore an appropriate financing role for students and their parents.

-- Students below the age of 23 would be classified as dependent on their parents unless they are orphans or wards of the court, or can demonstrate self-sufficiency for the two years prior to the year of application. The current three criteria involving living status, acceptance of parental assistance, and dependency status on parental tax returns would also apply (regardless of the student's age) to the award year and the two years prior to the award year.

-- Only recipients of a high school diploma or its equivalent would be eligible for student assistance. This requirement would focus aid on those with adequate academic preparation and would eliminate abuses which have been documented by the General Accounting Office.

-- Eligibility for PLUS loans would be expanded to include all otherwise eligible students and their spouses regardless of the student's educational level. In addition, PLUS loan limits would be increased to $5,000 annually for each eligible student and $25,000 cumulatively, not including regular loan amounts. The PLUS loan maximum repayment period would be extended from 10 to 15 years, and lenders could offer borrowers consolidated PLUS loans, thus decreasing borrower repayment burden and lender administrative costs.

Proposals Affecting Borrower Costs

Currently, the borrower's interest rate for regular GSLs is a flat eight percent, although the Federal Government pays this interest while the student is in school and during grace and deferment periods. The interest rate for PLUS loans is 12 percent throughout the life of the loans. These rates remain constant, regardless of current or future market conditions. This results in students unnecessarily borrowing GSLs when market interest rates are high, rather than relying on their own resources or non-Federal aid sources. Conversely, when market interest rates are low, borrowers are unfairly penalized by the non-responsiveness of GSL borrower interest rates to more favorable market conditions. For example, the borrower interest rate on new PLUS loans of 12 percent substantially exceeds the current Treasury bill rate plus 3 1/2 percent.

Our proposal would set the borrower's interest rate on regular loans at the average of 91-day Treasury bill rates for the quarter ending March 31 prior to the academic year for which the loan is made. This rate would be fixed through the end of the second year of repayment at which time a new rate would be negotiated with the lender, subject to a cap of the prevailing 91-day Treasury bill rate plus three percent. Interest rates for PLUS loans would be negotiated with the lender, subject to a cap of the 91-day Treasury bill rate plus three percent (fixed when the loan is made or variable over the life of the loan). These provisions would more closely tie the borrower's cost to prevailing market conditions, thus reducing Federal intrusion into the credit market and improving the efficiency of the program.

To further reduce Federal subsidy costs while ensuring that students, as the primary beneficiaries of the program, bear an appropriate share of the cost of the program, interest benefit subsidy payments made on behalf of the borrower during the in-school, grace, and deferment periods would be eliminated. Students would have the option of paying the interest as it accrues, borrowing additional amounts to cover the accrued interest, or having the interest capitalized. The current five percent loan origination fee paid by borrowers to help defray interest subsidy costs would be eliminated.

Borrowers would be charged guarantee fees for both regular and PLUS loans. These fees, equal to five percent on regular loans and one percent on PLUS loans, are necessary to cover estimated default and other Federal costs associated with each year's cohort of borrowers. For the PLUS program, the combination of the guarantee fee and other proposed program changes would make the PLUS program self-financing.

Proposals Affecting Lenders

Beginning with the 1986-87 academic year, lenders would be required to disburse funds at least twice during the award year. Interest benefits and special allowance payments would be based on loan amounts actually disbursed, instead of the current practice of paying lenders based on the total approved loan amounts, including undisbursed amounts. These changes would relate disbursements more closely to the borrower's actual need for funds during the academic year, would reduce the amount of default for students who drop-out, and would eliminate unnecessary Federal subsidy costs.

In addition, the current GSL program provides lenders with a yield of 3 1/2 percent above the 91-day Treasury bill rate. Lenders receive this high variable yield for the entire life of the loan while remaining 100 percent insured from the risk of default, death, disability, or bankruptcy. This yield is so attractive to lenders that many actively seek borrowers through advertising and direct mail campaigns. One lender even offered borrowers the added incentive of up to $200 in cash for taking out a GSL.

The Administration proposes, beginning with the 1986-87 academic year, to revise the special allowance formula for new regular loans. Lenders would receive a total fixed--in place of a variable--yield equal to the average 91-day Treasury bill rate for the quarter ending March 31 prior to the award year for which the loan is made--plus 3 percent while loans are in-school and through the second year of repayment. No special allowance would be paid on loans beginning with the third year of repayment. These changes would stabilize the special allowance rates at a constant percent of loan principal, thus separating Federal costs from credit market conditions. Beginning with loans made for the 1986-87 academic year, no special allowance would be paid on PLUS loans.

To ensure that lenders share, to a limited extent, the cost of defaults, the Administration is proposing that loan insurance be limited to 90 percent of unpaid interest and principal instead of the current rate of 100 percent. This provision would encourage lenders to improve their loan servicing and debt collection procedures so as to minimize the incidence of default.

Proposals Affecting Guarantee Agencies

Guarantee agencies receive substantial financial support from the Federal Government to operate the GSL program. Currently, agencies shoulder little or no cost exposure for defaults. Death, disability, and bankruptcy claims are reimbursed at 100 percent by the Federal Government. In addition, agencies are authorized to receive Federal administrative cost allowances of up to one percent of new loan volume, are authorized to charge the borrower an insurance premium of up to one percent of the loan principal for each year the loan is outstanding, received interest-free loan advances from the Department, are allowed to retain the interest earned on these advances, and retain up to 30 percent of their collections on defaulted loans to cover collection costs. These payments allow the agencies to finance virtually all of their activities with Federal funds.

Our proposals would require that States and territories bear part of the responsibility for financing the administration of the GSL program and would encourage agencies to restrain administrative and default expenditures. This would be accomplished by revising the reinsurance provisions for regular and PLUS loans. The maximum reinsurance level would be reduced from 100 percent to 90 percent of any default claim. For agencies with poor collection records, the reinsurance levels would be reduced from 90 to 80 percent or in some instances to 70 percent, depending on the ratio of the agency's cumulative net defaults to the cumulative amount of loans having entered repayment as of the end of the prior year. This new reinsurance formula would encourage guarantee agencies to prevent defaults and improve collections by imposing greater financial penalties than under current law for inadequate agency default and collection measures, by rewarding agencies for default collections, and by ensuring that agencies incur at least a small insurance cost for each defaulted loan.

In addition, agencies would no longer receive the two direct administrative cost allowances or additional loan advances and would be required to repay all outstanding advances, currently totalling $163 million, by the end of 1987. Elimination of the administrative cost allowances would require agencies to bear partial responsibility for financing the administration of the program. Loan advances are no longer necessary to help establish or maintain agency reserve funds. Agencies would still be authorized to retain up to 30 percent of default collections and charge insurance premiums to help defray their administrative costs. These changes would provide more equitable cost-sharing between the Federal Government and the agencies while providing incentives for controlling administrative costs.

Other proposals to address defaults and improve collections include: establishing a loan consolidation program which would combine regular GSLs, PLUS loans, and National Direct Student Loans held by a borrower into a single, consolidated loan with repayment extended up to 25 years; selling a portion of the GSL defaulted loan portfolio to private collection agencies after other collection efforts have failed; implementing a variety of administrative changes, such as requiring debt counseling of prospective borrowers, and requiring co-payable checks; and, extending the highly successful IRS income tax refund offset authority.

In sum, the amendments I have outlined here would continue to provide access to loan capital for needy students while reducing Federal cost exposure, strengthening the integrity of the GSL program, and reducing the Federal budget deficit.

I will be pleased to respond to any questions members of the Committee may have on our budget request.

Biography of C. Ronald Kimberling

POSITION : Assistant Secretary for Postsecondary Education

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EDUCATION : California State University, Northridge, Calif. 1972, B.A.
University of Southern California, Los Angeles, Calif., 1974, A.M. in American Studies
California State University, Northridge, Calif. 1977, A.M. in Mass Communication: Journalism
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EXPERIENCE :

PRESENT : Assistant Secretary for Postsecondary Education

1985 - 1986 : Acting Assistant Secretary for Postsecondary Education
1982 - 1985 : Deputy Assistant Secretary for Higher Education Programs, Office of Postsecondary Education, U. S. Department of Education
1982 - 1982 : Executive Secretary, Office of the Secretary, U. S. Department of Education
1981 - 1982 : Deputy Executive Secretary, Office of the Secretary, U. S. Department of Education
1978 - 1981 : Director of Enrollment Services, University of Southern California, Los Angeles
1975 - 1979 : Assistant Professor, Department of Journalism, California State University, Northridge
1973 - 1978 : Teaching Assistant, Department of English, University of Southern California, Los Angeles
1972 - 1974 : Editor/News Reporter, City News Service, Los Angeles, California
1972 - 1973 : News Director, KCSN-FM, Northridge, California

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Popular Culture Association
Kappa Tau Alpha-Journalism Honor Society
Phi Kappa Phi Honor Society

INTRODUCTION OF ASSOCIATES

Dr. KIMBERLING. Thank you, Mr. Chairman. To my left is Dr. John Haines, the Director of the Postsecondary Analysis Division, Office of Planning and Budget. To my immediate right is Sally Kirkgasler, the Director of the Office of Policy Development in the Office of Postsecondary Education [OPE]. Ms. Kirkgasler will be testifying with me on the "Higher education" account. To her right is Mr. Richard Hastings, the Director of the Debt Collection and Management Assistance Service in OPE. He will be testifying on the college housing loan accounts.

HIGHER EDUCATION

Thank you for the opportunity to testify. To summarize my statement on the "Higher education" account, the Department is proposing, for fiscal year 1987, a budget request which totals $261.6 million. This amount is approximately $7 million more than our revised 1986 request of $254.8 million.

The emphasis of our request is on the Federal commitment to addressing the postsecondary educational aspirations of poor and disadvantaged individuals. To meet that commitment, we propose to target funds to those activities, such as title III, which assist developing postsecondary institutions serving high percentages of disadvantaged students, and also to activities to provide special support services to disadvantaged students.

We note that this account has historically funded a number of small programs, and we have requested no funding for a number of these authorities for several years. We feel that some of these programs have outlived their original purpose, others have met their legislative objective of demonstrating the effectiveness of a particular approach to education, and still others have goals which we feel can be met by the private sector.

Under the "Aid for institutional development" account, we are requesting $141.2 million. This is title III of the Higher Education Act. We are again requesting a total of $45.7 million to be reserved for the Nation's historically black colleges and universities under this account.

We have submitted proposals to the authorizing committees to refocus and modify significantly the program objectives of title III.

In the Aid for Disadvantaged Students Program, we are requesting $82.4 million for programs designed to assist institutions and agencies in providing poor and disadvantaged individuals with information and skills needed to make critical academic and career choices, and to enroll in postsecondary education programs.

We are also proposing to continue to assist institutions in providing counseling and support services.

We are requesting a total of $10 million for fiscal year 1987 for the fund for the improvement of postsecondary education, the FIPSE Program, which we feel helps the Department fulfill its leadership role in stimulating improvement in the quality of postsecondary education.

We are also proposing a new science improvement program that would be funded at the level of $5 million for fiscal year 1987.

We are requesting $23 million for interest subsidy grants under the academic facilities grant programs. These funds are used to make subsidy payments on an existing portfolio of higher education facilities loans. The payments are contingently guaranteed under agreements with institutions of higher education.

We have proposed elimination and no funding for several programs under this account, including cooperative education, law school clinical experience, veterans' cost of instruction, international education, and several graduate fellowship programs.

We have proposed a number of rescissions totaling $181 million of fiscal year 1986 funds in this account.

That, Mr. Chairman, summarizes the "Higher education" account. As Senator Weicker had indicated, I will move on to briefly summarize our request for fiscal year 1987 for the "College housing loans" account and the "Higher education facilities loans and insurance" account.

COLLEGE HOUSING LOANS

For the "College housing loans" account, we are again, as in previous years, requesting no new budget authority and no new loan authority. We are also requesting supplemental appropriation language to withdraw the 1986 postsequester loan authority of $57.4 million.

As in prior years, the costs associated with managing and servicing existing loans, including the payment of interest insufficiencies on outstanding certificates of participation in the loan portfolio, would be financed from loan repayments and other income, and, therefore, we require no appropriation of funds in order to keep this account solvent.

Our proposal to make no new loan commitments in 1986 and 1987 reflects our strong interest in curtailing nonessential expenditures and in eliminating unnecessary and expensive credit subsidies.

The revolving fund does have a substantial outstanding balance of Treasury borrowings used in prior years as program loan capital. We intend to begin paying back some of this capital, which currently results in a large off-budget program cost, estimated at $253 million for 1985. We feel this subsidy is especially unnecessary now in view of the healthy commercial lending markets, and State and local bond financing that is available at relatively low interest cost.

Finally, under this account, we estimate that about one-half of the current loan portfolio will be sold to private investors in 1987, with an additional amount sold in 1988, so that in these two fiscal years, 90 percent or more of the loan obligations will be turned over to the private sector. We anticipate realizing $579 million in fiscal year 1987 from these loan sales.

That concludes my remarks on the "College housing loans" account.

HIGHER EDUCATION FACILITIES LOANS AND INSURANCE

Moving on to the third and final account, higher education facilities loans and insurance, our fiscal year 1987 request for this account totals $19.2 million under the program's annual appropriation authority. This reflects an increase of $1.2 million over the fiscal year 1986 level.

We are requesting no funds under the permanent appropriation authority, and no new loan authority. This revolving fund has not been used generally to make new loans since the early 1970's.

We are proposing, under the Higher Education Act reauthorization, that legislative authority for making new loans be repealed entirely. We note that this program has a built-in operating deficit which results from the interest being paid by institutions on their facilities loans being substantially lower than the interest rate at which the revolving fund reimburses the Treasury for loan capital.

That concludes my remarks on this account. I am prepared to answer any questions on all three accounts.

Senator HARKIN. Mr. Kimberling, thank you very much. I am sorry I was a little late for your opening comments, and getting my head into these books on the numbers.

Dr. KIMBERLING. We probably both have fat books, Mr. Chairman.

Senator HARKIN. That is true. Let me consult with counsel for 1 second.

TRIO

Let me cover with you the aid to disadvantaged students, what I call the TRIO Program, and others have called the TRIO Program. I do have a lot of interest in that. I first became exposed to the TRIO Program back in about 1975 or 1976. I was encouraged by what I had seen during the summer program, the TRIO Program at a small school in Iowa, and I have followed it closely ever since.

Every indication I have had, at least in Iowa, I don't know about other States, but every indication I have had in Iowa is that it has been an extremely effective program. It has had a lot of support. Now I see that, again, it is going to be cut from $168.7 down to $82.3 million, and that is after sequestering. Before sequestering, it was $176.3 down to $82.3 million next year.

How is it possible to have evidence of effectiveness, when the Department has conducted recent evaluations of only the Upward Bound and Special Services Programs, for the two programs that appear to be funded under the Department's fiscal year 1987 budget proposal?

Dr. KIMBERLING. Mr. Chairman, we have also looked at the evaluation reports submitted by the projects. As you know, the legislation covering the TRIO Program provides for points based on prior experience for projects that are recompeted every 3 years. By law and by regulation, we must review the success of projects, and assign them from zero to 15 points based upon the prior experience. This means that our staff does do a fair amount of work in looking at individual projects on performance. We have toughened up our own requirements for reporting information on placement rates and on student academic performance. In most cases, the projects are successful, and range between 12 and 15 points. We feel that we do have other direct programmatic evidence of the success of many of these projects.

Senator HARKIN. You seem to indicate that it has been successful.

Dr. KIMBERLING. Our position is not that these projects are not successful. Indeed, we have continuously provided for an appropriation for these programs precisely because we feel they are effective.

Our position, however, is that they are narrowly targeted because of prior experience points, and because of the way the program is structure on a curve they seem to be providing funds to some of the programs that don't require matching allocations from the institutions year after year to the same institutions.

Our position is that the programs are effective. They provide the kinds of services the law spells out, but that they are channeled too narrowly, and perhaps deeply. We feel that many of the institutions that we have been funding for more than 10 years ought to institutionalize the projects, so that the Federal funds can then be freed up and rolled over to other institutions across the country that have not participated.

TRIO TAKEOVER BY INSTITUTIONS

Senator HARKIN. What you are saying is that you think the institutions should take over these programs, and go ahead and pay for them.

Dr. KIMBERLING. Yes; we think that it is in the self-interest of institutions, especially in the case of special support services, to provide these services.

Senator HARKIN. Why would it be?

Dr. KIMBERLING. Because the services that are provided have retained students. It is a cost investment for colleges and universities both in dollar terms and in psychological terms to recruit and replenish their freshmen class every year. If they can intervene and prevent dropouts from occurring, and it helps if you shoehorn some of the less effectively prepared students into their college life and actually graduate them.

Senator HARKIN. But the Upward Bound, they take high school students, and again the experience that I have had with that small school in Iowa, those students, those young disadvantaged students that they have taken in the summer, may not go to that school, they might go to a State school. They might go on to one of the community colleges, but at least they get the impetus to go on.

Dr. KIMBERLING. You are exactly right. In fact, the program prohibits the college or university operating an Upward Bound Program from using it to directly recruit the student to that campus.

Senator HARKIN. So why would it be in the best interest of the college or university to fund it?

Dr. KIMBERLING. We make a distinction between the special support services for existing college students. In fact, we have proposed two different types of programs, an Outreach Program, and a Special College Support Services Program. The college support services program, we feel, would be in the institution's best interest to be able to institutionalize.

With respect to outreach programs, we are looking at every kind of educational marketplace. I am an old admissions officer, and that is why I became aware of these programs myself, a couple of years later than you. We did have them on campus. The demographics, we feel, have changed substantially in the last 10 years. The baby boom generation has grown up. They have graduated, and there are fewer traditional college-age students, and that changes, in our opinion, the supply and demand equation for students.

It used to be that students had to compete against each other for fewer seats in colleges and universities. Now, to some extent, the colleges are competing with each other to attract scarcer numbers of students. So, in order to maintain enrollment stability across the country, we are seeing substantially larger amounts of funds spent by the colleges in their own self-interest in recruiting.

There are many, many projects across the country that provide similar services that are being paid for entirely by the colleges. In my old university, we did something similar to the Upward Bound Program, without Federal funds, where we used peer counselors, paid by work study money, We were located in an urban area where we had a large concentration of Hispanic and black poor students. We did not want to become an isolated bastion within the urban area, therefore, we very actively reached out to recruit among the local high schools, using trained peer counselors under the Work/Study Program.

What we are seeing is that the market for the Outreach Program has changed. There should still be a Federal role, and we certainly favor the dissemination of models under TRIO, but we think that matching funds are possible, and in the long run it is in the self-interest of the institutions.

Senator HARKIN. So the program that you were using in your school, you are cutting off also.

Dr. KIMBERLING. Yes.

BUDGET REDUCTIONS IN TRIO

Senator HARKIN. Let me just ask you: Did you recommend these cuts, or did this come from OMB?

Dr. KIMBERLING. This is a combination. Our particular funding level represented the funding level that we proposed last year, and I believe the year before, approximately one-half of the current appropriation.

We have strongly, within the program area, advocated the consolidation of TRIO Program components.

Senator HARKIN. What did you recommend? What budget figure did you recommend for this line item for next year?

Dr. KIMBERLING. I would have to doublecheck, but to the best of my recollection, I recommended a figure that was equal to last year's figure.

Senator HARKIN. Prior to sequestration?

Dr. KIMBERLING. Yes; I recommended the $82.4 million figure. That had been our budget request for the last year, and also for 1984.

Senator HARKIN. On the college work study, you think that the colleges are going to pick that up because it is in their self-interest when they are competing for students, but many of these students are not copaying students. All of them have to find their funding one way or the other, either it is Pell grants, which are being cut, some sort of work/study program to enable them to go to school. Beyond that, it has to do with the motivation. What I saw in the TRIO Program, it was the motivation. Students who may have never thought of going on to school, but who had exhibited some level of academic competence, were taken and put in a situation where they were exposed to what college was and shown that they could handle it. To be given the kind of psychological support that they needed to convince themselves and their families that they should go on to higher education.

This is again from my own experience. From what I saw, more than one disadvantaged student, in this case black students, in Des Moines, went back and really changed the whole atmosphere in the neighborhood just because of the fact that they saw they could do it. He could go on to school. It was amazing to see the kind of change in his friends, and how they began to move ahead because of his experience.

I just think that this is not a wise cut. I can tell you just by looking at this that there is no way that this college is going to be able to do this, except maybe a couple of them. If you asked Graceland College to pick up an $80,000 program, I doubt that they can do it. I don't think that they can do it, and yet you are funding TRIO at a level that is 54 percent below last year.

In fiscal year 1985, the TRIO project served 364,000 students, and two-thirds of these students are from families whose taxable income is less than 150 percent of the poverty level, and neither parent had graduated from college. The TRIO students, 41 percent are black, 35 percent are white, 17 percent are Hispanic, and 3 percent are Asian. Fourteen thousand are physically handicapped.

The Department has said time and time again that among its highest priorities was providing educational opportunities to the poor, the disadvantaged, and the handicapped. After those statements, I don't see how you can justify this.

LEGISLATIVE PROPOSALS FOR TRIO

Dr. KIMBERLING. Mr. Chairman, let me mention just a couple of the items that we have proposed in the last 2 or 3 years for this particular program.

Under current law, it is possible, under what is called the first generation criterion, for up to one-third of the program participants to qualify, not on the basis of their income, but simply because they are first generation college students.

I would not personally dispute the fact that a number of first generation college students, because their parents and relatives did not go to college, probably know less about it than others. On the other hand, without a means test, it is our opinion that if the father and mother went out and invented the aerosol spray can, without the benefit of a college education, the student will probably not need any special support services.

There are a number of successful people who encourage their children to go to college. Certainly, within the parameters of the current program, qualifying just on the basis of first generation, in our opinion, means that whatever funds are appropriated are going to be less effectively targeted than if you means tested everybody for the program.

Likewise, the provision of acceptance of handicapped children into this program only appears under one of the authorities, and it doesn't spread across all of the authorities, so we have proposed eliminating the first generation requirement, and allowing handicapped children to be served in all components of this program, so that whatever funds are available would be more effectively used.

Senator HARKIN. Do you have any data to show how much you are spending for that one-third, I guess it would be?

Dr. KIMBERLING. It is up to one-third.

Senator HARKIN. When neither parent graduated from college, but they have money, that example of somebody who invented the aerosol can——

Dr. KIMBERLING. I am not offering that example. Certainly, you can think of a number of well paid middle-income professionals who don't have college degrees. All we are saying is that whatever funds are appropriated in this program ought to be targeted to poor kids. There should not be a loophole in the program, and we feel that there is a loophole now where as many as one-third can be admitted without being means tested.

Senator HARKIN. Staff advises me, how can you talk about paying for those, when the colleges can't even pick up those costs. You won't be able to service that group that you are talking about, the physically handicapped and those who fall in the poverty category. That is two-thirds of them. If you assume a 54-percent cut, then you are cutting those, too, one-half of them by logic.

Dr. KIMBERLING. That is correct.

FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

Senator HARKIN. For fiscal year 1986, you are requesting no funds for the fund for the improvement of postsecondary education, citing it as a low priority, an unnecessary expenditure of Federal funds. For fiscal year 1987, you are seeking a $10 million appropriation for this program. What changed in a year's time to reverse your position, and do you plan to make any changes in the program goals to continue this advance?

Dr. KIMBERLING. This particular program has been carefully reviewed by Secretary Bennett. As you may recall, he was sworn in subsequent to the preparation of the fiscal year 1986 budget. He has personally reviewed priorities within the Department of Education, and he has determined that the fund for the improvement of postsecondary education, with the amount of support that it can provide for innovation and excellence in education, is a high priority on his list. Therefore, funds have been proposed for fiscal year 1987.

The program includes a number of different priorities. They run the gamut from the traditional emphasis on access, and here we are focusing on what we call making access meaningful by stimulating retention and completion projects, not just making sure that we get students into college, but making sure that they get out of college with a bachelor's degree, and raising academic standards, stressing the importance of the liberal arts curriculum, improving teacher effectiveness, and improving the development of faculty and staff, and providing grants for new technologies.

Some of these priorities are traditional FIPSE priorities, and some of them are new priorities. They have been discussed and approved, with a slight modification from the proposals that were submitted to the Board. We feel that part of the success of the program comes from targeting priorities, while remaining open to any innovative idea in postsecondary education. The fund has always operated this way and shall continue to.

We have received in excess of 2,100 grant applications this year, which is approximately the same number that we received last year. We have been hitting 2,100 to 2,200. So we think that there is great response from the higher education community to this approach.

Senator HARKIN. You just listed all the ways that you plan to use this money, the priority areas.

Dr. KIMBERLING. Yes.

Senator HARKIN. That is for the $10 million.

Dr. KIMBERLING. Yes.

FIPSE PROJECTS

Senator HARKIN. Do you have anything specific there for the record, a specific part of this money that you are going to use for something?

Dr. KIMBERLING. Last year, the Congress encouraged the use of $1 million for teacher education, and we did fund in fiscal year 1985 teacher education improvement projects in excess of $1 million. We anticipate that at least an equal amount of funds will be used for this purpose.

We are right in the middle of our competition this year, and to some extent we don't know exactly how the funds will be allocated until we review the quality of the proposals that have come in.

Senator HARKIN. One of the things that you mentioned in that list was retaining students.

Dr. KIMBERLING. Yes, sir.

Senator HARKIN. What do you mean by that? How is that going to work? How will you use this money to retain students once they are in school, and who are these students?

Dr. KIMBERLING. Traditionally, the FIPSE Program has funded projects that are intended to improve access to postsecondary education, and get people in the door. We have consulted with a number of people in the educational community who feel that models of excellence in promoting access are now pretty well developed and pretty well disseminated.

What we need to do is not just get them in the door, but keep them in once they are in the door. We are talking here largely about the underprepared students, the low-income students, the minority students, exactly the kind of population we were discussing earlier with respect to TRIO.

FIPSE takes a slightly different path in that its design is to be on the cutting edge of innovation and excellence in higher education. But some of these will be new models that have not been exactly tested out and proven. It is really seed money to prove the validity of some of these new models that might help improve retention and degree completion as we move into the future.

Senator HARKIN. For disadvantaged students.

Dr. KIMBERLING. That is the population that these projects will largely target—those traditional noncompleters. If you look at a curve, how many semesters a student stays in after he or she enters college, lower-income and minority students traditionally drop out of college before completing their degree at a much faster rate than those who are the second or third generation in the family, who come from higher income levels, and who are not minority.

Senator HARKIN. I was just interested in what kind of programs you have to retain these students. There are a lot of reasons for dropping out—motivation, course development, maybe they got into the wrong curriculum, maybe they were not really suited for that. Money problems.

Dr. KIMBERLING. There has been a lot of work on retention done by Lee Noel, formerly the vice president of ACT in Iowa City. According to Dr. Noel, the first 6 weeks of college is the critical period in retaining a student. For many students, let's say, coming from an isolated rural environment, or from a urban environment to a college town, they are walking into strange circumstances. They haven't been away from home, and they are walking into an environment different from home. Just the presence of a mentor, a faculty member, a staff member, maybe even a dormitory advisor for the first 6 weeks forming some kind of a bond appears to be the most critical factor in retaining a lot of students.

COOPERATIVE EDUCATION

Senator HARKIN. The Graduate and Professional Opportunities Program is proposed to be eliminated. The Cooperative Education Program is proposed to be eliminated. The National Graduate Fellowships Program is proposed to be eliminated. I am not familiar with all of them. I don't know about the Graduate and Professional Opportunities Program, but I do know about the Cooperative Education Program, and the Graduate Fellowships Program.

The two that I am familiar with, I have heard that they have been successful. They seem to have had a good response level. Take the cooperative education, how much is there, $13.8 million in postsequestration funding.

Dr. KIMBERLING. Yes; exactly.

Senator HARKIN. Why does that seem to be too much to spend for a program that helps establish a link between a student's formal education and actual work experiences?

I have watched the cooperative education in the past, and I don't know why you think that it is too much money, and why it should be zeroed out.

Dr. KIMBERLING. Mr. Chairman, we looked at the legislative purpose for this particular program. The purpose of providing Federal funds in the current law is to stimulate the development of cooperative education models on campus. The current law requires a very high out-year match of funds and a very strict limit of 5 years of Federal participation for any one project.

In 1970, there were fewer than 200 cooperative projects around the country. Federal funding geared up initially under the Work/Study Program in 1971, and it became a categorical grant program, I believe, a couple of years after that. The purpose was to say to a lot of those in the academic community that were reticent about the model that this is a good model, we will provide seed funding for you to replicate it.

We now have nearly 1,000 cooperative education projects throughout the country, and only some 200 odd projects receive Federal funds. Our feeling is that this is a good model, that it has worked, and essentially that it has accomplished its legislative purpose. Its purpose was to be a demonstration project. We feel that demonstration projects, once they have demonstrated the validity of the model they are supposed to be demonstrating, ought to be retired. Certainly, in times of deficits, there are needs to put the money back toward retiring the deficit. In other times, there are often needs for new demonstration projects.

We were partners with the Cooperative Education Commission in helping to provide seed funds for the current national advertising campaign. We do think that it is a very good model but that the Federal purpose was to show that it was a good model and then get out of the business.

Senator HARKIN. What you are saying, basically, as I understand what you are saying, there are no new schools that might be encouraged to establish these cooperative programs. We have reached the limit.

Dr. KIMBERLING. No, sir; I am not saying that we have reached the limit, but that we have sufficiently demonstrated the validity of the program and its returns to the institution. Certainly, in terms of the student income earned as an alternate to financial aid, the institutions benefit tremendously. Many of these grants, particularly the administration grants, average out to the equivalent of about 1.5 full-time positions, and maybe a little travel and supply support.

They only cover administrative costs, not any direct costs to help pay for the students. Our feeling is that the Congress ought to look at the legislative purpose, and we hope they would agree with us that the current legislative purpose is fulfilled. Those who argue for its maintenance as a Federal program, essentially, are arguing that the legislative purpose ought to be changed to provide for ongoing operational support.

We don't read that in the current law. The current law says that it is a ~~demon~~stration project.

INTERNATIONAL EDUCATION

Senator HARKIN. Just one last thing, while I am in this area. This International and Foreign Language Studies Program, you are terminating it, right?

Dr. KIMBERLING. Yes, sir.

Senator HARKIN. Everything that I have seen in studies says that one of the problems that we have is that Americans don't learn a foreign language at an early age. Especially with the influx now of more Spanish speaking people in the United States, which is becoming a second language in this country, international relations, everything indicates that this is one of the big drawbacks in our being really competitive in the international arena.

Why are we cutting it out? It is a marvelous program, and it is not a lot of money. It is only $26 million in the domestic account, and $5 million in the foreign account. I can anticipate your answer, the local schools can pick this up, and they can take care of it, but this is a national problem. We are talking about this on a national level, and we are talking about it in terms of our ability to compete internationally.

Again, I have to ask, was this your request, or was it an OMB request?

Dr. KIMBERLING. This was one of those programs where, with the funds available, it was one of the last ones that we had to take a look at in terms of our current request.

Senator HARKIN. Do I read that this means that it was a high priority, but it was sort of on the cutting edge?

Dr. KIMBERLING. It fell into the middle, I guess, would be the best way to put it.

Senator HARKIN. Did you request funding for this program from the Department?

Dr. KIMBERLING. Yes; I did, Mr. Chairman.

Senator HARKIN. Did they request funding from OMB?

Dr. KIMBERLING. They did not request full funding, no.

Senator HARKIN. They did not request full funding.

Dr. KIMBERLING. No; not at the level of appropriation we currently have.

Senator HARKIN. Did they request some funding from OMB?

Dr. KIMBERLING. I believe, prior to Gramm-Rudman, that was the case. The Gramm-Rudman-Hollings legislation, setting specific deficit targets, occurred before the budget process was finalized.

Senator HARKIN. Again, if you were asking me, I think it ought to be double or triple that amount of money.

FOCUS OF INTERNATIONAL EDUCATION PROJECTS

Dr. KIMBERLING. If I might respond, Mr. Chairman. I agree with your opening statement that foreign language instruction is a high priority, and particularly at an early age. These particular programs are focused upon advanced training, or undergraduate level college training primarily. The majority of the funds goes for faculty research, or the preparation of doctoral level students.

So my answer in this case is not precisely that it is all the State and local responsibility. The Education for Economic Security Act, which we are proposing to expand——

Senator HARKIN. What are you proposing to extend?

Dr. KIMBERLING. The Education for Economic Security Act of 1984, currently funded at $45 million. We are proposing to expand that to $75 million. It provides State formula funds, which include some funds for language teaching. It is more commonly known as the math and science bill.

Senator HARKIN. That is at the secondary level.

Dr. KIMBERLING. Exactly, but it includes some foreign language projects for the preparation of teachers, and the expansion of teaching of foreign languages. We feel that there is a Federal role, and it is part of our request. Indeed, we have mature projects at the college, university, and graduate level, and what we ought to be doing is focusing on the younger grades and the younger children.

Senator HARKIN. My rejoinder to that is that we ought to be expanding these programs, rather than cutting this out, No. 1. No. 2, not some of these people who are in postsecondary education, who are involved in studying a language, might they not go back to teaching languages at the secondary level?

Dr. KIMBERLING. Some might, but the focus of the advanced program is the production of Ph.D. students who are skilled in the less commonly taught languages, in other words, area specialists who are familiar with arcaneries. They will more often go into college teaching, research, and some of them will go into international security, or industry.

Senator HARKIN. I would have to say, I think that it would be very important, when you are talking about competitiveness, talking about opening new markets—I probably shouldn't say this, but I don't think there is anything that I have seen that is more arcane than the Chinese language, and we sure need people who speak Chinese.

Dr. KIMBERLING. Chinese enrollments are the fastest growing language enrollments in the country in the past 3 or 4 years. It is now one of the top five languages studied in this country.

Senator HARKIN. I wonder how many would be studying it at this level, who won't be because of these cuts.

Let me turn to Senator Proxmire.

Senator PROXMIRE. Thank you, Mr. Chairman.

EVALUATION OF TRIO PROGRAMS

Secretary Kimberling, the General Accounting Office's annual report to the committee this year touched on its 1983 evaluation of TRIO's Upward Bound Program. GAO found that although the program has been in operation since 1965, it is still unclear whether the program is achieving its intended purpose because of the lack of any hard data on academic skills and postsecondary performance of student participants.

How does your new initiative to restructure TRIO address GAO's concerns, if at all, regarding Upward Bound?

Dr. KIMBERLING. I suppose, Senator, our new initiative mainly is designed to consolidate related activities. In and of itself, legislatively, I don't believe that it would directly address all of the GAO concerns except for some economies of scale that we might have in the administration of similar activities on the same campus.

With respect to this specific recommendation, we have taken a number of steps in tightening up our evaluation criteria in awarding prior experience points under this program.

Senator PROXMIRE. Did you develop any hard data on skills and postsecondary performance?

Dr. KIMBERLING. We should have some data available later this year. The TRIO programs were all competed on a 3-year cycle. The GAO report came out shortly before the competition for the Upward Bound grants which are expiring at the end of the current academic year.

As we review the final results of 3 years of Upward Bound projects that are completed in June, July, and August, and in some cases in September 1986, we will then have 3 years of hard data on those projects that are now being completed.

At the frontend of the grant cycle for these projects, we did put in some requirements that institutions develop specific plans within their grants for monitoring grade point averages for selection, entrance examination scores, and other kinds of data that the GAO felt were not available at the time of the project study, or were not available sufficiently.

Senator PROXMIRE. So you have complied with the GAO recommendations, then?

Dr. KIMBERLING. We feel so. There is one area, sir, where we feel that it would be a significant cost burden on institutions, and that is tracking their postsecondary success down the road. Most of the students in Upward Bound are in high school, and it is not usual for high schools to track what they are doing 2 or 3 years after they entered college.

We are not sure that we can get effective data, at least from the high schools.

Senator PROXMIRE. Why should that be difficult? I should think that you would be able to get the grades, get the performance 2 or 3 years afterward, it shouldn't be hard.

Dr. KIMBERLING. Students transfer.

Senator PROXMIRE. Most of them don't. Just do it on the ones that don't transfer.

Dr. KIMBERLING. We could certainly try.

INSTITUTIONS IN TROUBLE

Senator PROXMIRE. The Department's annual report also indicated that during fiscal year 1984, program staff visited institutions in serious trouble. What does serious trouble mean?

Dr. KIMBERLING. Serious trouble would include institutions that have large carryovers of funds from one year to the other, where there are media reports that the institution is troubled.

Senator PROXMIRE. How could serious trouble mean large carryovers of funds? I wish the Federal Government could get into that serious trouble.

Dr. KIMBERLING. That would be one indication. It would be one criterion of many criteria that would seem to indicate that an institution is unable to manage its projects. If it budgeted for certain expenditures, and it has not been able to properly spend those moneys, one would assume that it is not carrying out the grant that it has been funded for.

Senator PROXMIRE. How many institutions were in serious trouble in 1984?

Dr. KIMBERLING. I don't have an exact figure. These include reviews conducted by our Student Financial Aid Office.

Senator PROXMIRE. For the record, will you let us know for 1984 and 1985?

Dr. KIMBERLING. Yes, sir.

[The information follows:]

INSTITUTIONS IN TROUBLE

During the last year for which we have information, the following actions were taken to deal with institutions exhibiting difficulty in managing student aid programs.

Type of action	Number of institutions	
	July 1, 1984–June 30, 1985	July 1, 1983–June 30, 1984
Limitations on spending of student aid funds without more stringent procedures	6	12
Termination of eligibility to participate in student aid programs initiated	14	10
Emergency actions to freeze institutional use of funds until departmental review	2	4
Fines for noncompliance with rules	28	29
Total	50	55

TITLE III PROPOSAL

Senator PROXMIRE. Could you tell us briefly how the proposed initiative will restructure the program?

Dr. KIMBERLING. Title III, we are proposing, first of all, to change the eligibility criteria for the program. The current criteria looks at a high average award amount in Pell. We are proposing to look at a high percent of Pell recipients. That is a significant difference in our opinion because the award amounts vary with the cost of education. We feel that some institutions that serve middle-income students, but have higher tuition costs, are getting into eligibility for the program now, whereas institutions that have low tuition costs, serving low-income students, simply because of their low tuition costs, have lower average award amounts, and are not getting into the program.

We note that some elements of this proposal have been accepted in H.R. 3700, the House version of the reauthorization.

We would include, as another criterion, the amount of endowment money per full-time equivalent student. We feel that that is a measure of an institution's stability and financial solvency.

The most significant change we would propose to title III is to merge the current parts A and B, the strengthening and special needs programs, and essentially to take elements of both of those programs in a restructured development grant.

Finally, we would place greater funding emphasis upon the Endowment Grant Program, which we feel helps institutions move toward long term self-sufficiency. We would give the historically black colleges, the institutions in the trust territories and insular areas, and those private institutions with very low endowments, under $6 million, 2 to 1 Federal matching funds, instead of the 1 to 1 match currently prescribed by law.

There are some other technical changes, but those are the major changes.

MANAGEMENT GOALS

Senator PROXMIRE. On page 2 of your statement, under institutional aid, you say, "The Department proposes to refocus and modify significantly the program objectives of title III of the Higher Education Act." In 1984, according to the Department's latest annual evaluation report, one of the objectives under this program was to "notify applicants by June 30, 1984, of funding status."

Was the program so poorly managed 2 years ago that getting the word out to eligible applicants, normally a routine procedure, I would imagine, represented one of the Department's principal goals that year?

Dr. KIMBERLING. I don't believe that that was a major programmatic goal. It was a management goal.

The major programmatic goal that we are looking at is that in the 1980 authorization of the Higher Education Act, the title III program was designed to provide support for the development of certain activities, primarily faculty development, curriculum and course offering development, and an administrative capabilities development. The program provided moneys for these activities to be fully developed, with the assumption that they would be institutionalized and absorbed into the ongoing budget of the universities.

Senator PROXMIRE. The reason that I raised that question is because in the annual evaluation report, it says, "During fiscal year 1986, the Department's principal goals were to: One, to maintain the Department's commitment to historically black colleges; two, provide technical assistance to and review of ongoing projects," two very worthy goals, and the third goal is, "notify applicants by June 30 of the funding status." It seems to be a rather peculiar prime objective.

Dr. KIMBERLING. Senator, I am certain that if I had been an editor on that, you might not have seen the line in that particular report. I agree with you it is an important management goal to notify institutions of their grants in a timely manner.

Senator PROXMIRE. How many institutions receive institutional aid under title III?

Dr. KIMBERLING. In fiscal year 1985, 547. We are estimating, postsequestration, that that number will reduce somewhat to 536 this year, after the competitions are completed.

Senator PROXMIRE. I just have one other area of questioning.

COLLEGE HOUSING LOANS

Dr. Kimberling, you state, on page 3, under college housing loans, that "in 1987 the Department plans to begin packaging and selling existing loan portfolio." Where is your authority for this?

Dr. KIMBERLING. Senator, Mr. Hastings has been involved in this effort, and he has had some discussions with our attorneys, and with Treasury and OMB officials, and I believe he can respond to that question.

Mr. HASTINGS. We have discussed the matter with counsel, and we have been advised that we do not need additional legislative authority, but I am not certain that I can cite the existing statutory authority to which we have been referred.

Senator PROXMIRE. You do have that authority if counsel is confident that you have it. Why haven't you done that before?

Dr. KIMBERLING. We have done something that can be seen as a step toward loan sales. We have had authority for the past 3 fiscal years to discount, for prepayment, college housing loans. We have discounted and sold back more than 600 million dollars' worth of these housing loans to the colleges.

Senator PROXMIRE. How will the program work? Will both good paper and bad paper be included in the sales package?

Dr. KIMBERLING. That decision hasn't yet been made, Senator. OMB and Treasury have a working group that is attempting to come up with those sorts of policies that cross several agencies, so that an agency such as ours is working along similar policy lines with an agency such as Agriculture, which in its budget also has some asset sales proposed.

Senator PROXMIRE. You say that the total amount sold was $600 million?

Dr. KIMBERLING. The total amount that has been sold under the prepayment discounting provision is about $622 million in face value.

Senator PROXMIRE. What is the estimated saving on administrative costs under the program, because of the proposed sales?

Dr. KIMBERLING. Over a 2-year period, if 90 percent, as we are anticipating, of the loan portfolio is sold—I believe our administrative overhead now paid from program funds is about $300,000 to $400,000—so we would save that amount nearly in its entirety. We would save a very significant amount of dollars under our contract with the Federal Reserve Bank for ongoing collection on routine loans.

We have somewhere in the neighborhood of 11 or 12 full-time equivalent positions that focus mostly on loan servicing, and on collection of defaults. I would imagine that we could reduce that to two or three positions for the unsold remainder of the portfolio.

Senator PROXMIRE. Thank you, Mr. Secretary, and thank you, Mr. Chairman.

Senator HARKIN. Dr. Kimberling, we do have further questions for the record that will be submitted, but this will complete this section.

The next two items that we will have testimony about this morning is student financial assistance [SFA], and guaranteed student loans [GSL]. Dr. Kimberling, if you could please proceed to summarize both of those accounts.

STUDENT FINANCIAL AID INCLUDING GUARANTEED STUDENT LOANS

Dr. KIMBERLING. Mr. Chairman, would you prefer that I summarize both the student financial assistance and the guaranteed student loans statements together?

Senator WEICKER. That is right.

Dr. KIMBERLING. Mr. Chairman, and members of the committee, it is a pleasure to be here to present our budget request for the "Student financial assistance" account. Our request for fiscal year 1987 is $3,812,568,000. The administration is proposing a major philosophical reorientation of the Federal student aid programs. We believe that the dramatic growth in Federal appropriations for these programs and the Guaranteed Student Loan Program from $3.7 billion in 1978 to $7.9 billion in 1986, has resulted in an excessive reliance on Federal student aid, and that our restructuring restores the traditional emphasis on responsibility of the parents and students for financing college costs, reduces opportunities for fraud and abuse, simplifies program administration, provides a new unsubsidized contingent loan program, a restructuring of the National Direct Student Loan [NDSL] Program, and reinforces the principle of cost sharing with participating institutions.

We also believe our budget request would target Federal resources on the neediest students, while making progress in reducing the Federal deficit.

We are proposing, as I indicated, a major new initiative, the Income Contingent Loan Program as a restructuring of the current NDSL Program. We are also, once again, proposing the authorization of tax-exempt education savings accounts so that parents may save toward their children's education.

Other reforms include a simplified, single need analysis system, which would apply to all of our student aid programs; a tightened definition of independent student, as we have proposed in prior years; a minimum self-help expectation of $800; a change in the student living allowance for room, board, books, supplies, and transportation expenses that would be standardized across the aid programs; a limitation of 60 percent for Federal grant aid in terms of cost of attendance; the requirement that a high school diploma or its equivalent would be a minimum educational standard for those seeking student aid; and a limit of 4 academic years, with 5 years in some instances, of undergraduate eligibility for all Federal aid programs.

For the Income Contingent Loan Program, we are requesting appropriations of $137.6 million. In addition to that figure, an additional $52.4 million in collections on defaulted student loans would supplement the appropriation amount, and we would allow that money to be spent as new Federal capital contribution, raising the total contribution to $190 million, equal to the pre-Gramm-Rudman-Hollings appropriation level under NDSL for fiscal year 1986.

We also are so strongly supportive of this program that we propose new Federal capital contributions for a 5-year investment of $1.4 billion in this program.

Under the Pell Grant Program, we are requesting $3.25 billion. From this amount, $250 million would be used to help cover deficits resulting from prior-year costs, which now amount to $490 million. We plan to retire this structural and historical shortfall with an additional $240 million in fiscal year 1988. The remaining $3 billion for fiscal year 1987 would fully fund the Pell grants if our proposed policies are adopted.

We are requesting a combined Work/Study Grant Program, consolidating the Supplemental Educational Opportunity Grants [SOEG] and Work/Study Programs with an appropriation for fiscal year 1987 of $400 million and an average award of $600 for 825,000 students.

We are again requesting no new funds for the State Student Incentive Grant Program. We feel that its purpose of providing seed funds for State grant programs has been accomplished, noting that most jurisdictions overmatch Federal funds, and that more than $1 billion is being provided currently by the States under this program.

We have proposed several rescissions totaling $456 million to help achieve needed deficit reduction savings, and avoid outyear outlays.

In total, our fiscal year 1987 request would generate about $14 billion in aid to students, which is approximately the same level as the actual 1985 level, and the revised request for fiscal year 1986.

With your permission, Mr. Chairman, I will move on to the GSL account.

GUARANTEED STUDENT LOAN PROGRAM

Under the Guaranteed Student Loan Program, we are requesting a total of $2.33 billion for fiscal year 1987, compared with a revised request for 1986 of $3.33 billion. The revised level reflects a possible supplemental of $65 million, which will be requested if needed, to cover a possible shortfall after implementation of sequestration.

Since this shortfall is estimated to be relatively small, and is subject to revision as actual costs are incurred, we are not requesting the supplemental at this time. We have it on hold, and we are reviewing our GSL cost figures to see if that might be needed. So this would be standby authority.

The fiscal year 1986 level reflects in our opinion the propensity for excessively high, and possibly rising costs in the GSL Program as it is currently authorized. Between 1980 and 1985, GSL obligations more than doubled, from $1.5 to $3.9 billion. The major costs include interest subsidy payments which are tied in T-bill rates and the loan volume, and the default costs, which have gone over $1 billion in 1985, and may rise to a projected $1.37 billion in 1987.

We are basing several of our proposals upon the notion that borrower costs should reflect current market conditions; that Federal intrusion into the credit market should be limited to the degree necessary to ensure adequate access; that student borrowers are the primary beneficiaries of the program, and should bear their own interest costs; that lender yield needs to rely upon market conditions, and not provide an excessive profit margin to the banks; and there should be some cost sharing, including the State agencies and the lenders, for financing the GSL Program, particularly the default costs of the program.

There are a number of proposals affecting borrower costs, lender costs, and State agency costs that are included in the legislation we have proposed to the authorizing committees. We feel that all of these provisions would continue to provide access to loan capital, while reducing Federal cost exposure, and reducing the Federal budget deficit.

I will be pleased, Mr. Chairman, to respond to questions that you may have on the SFA and GSL accounts.

STATUS OF LEGISLATIVE PROPOSALS

Senator WEICKER. In both of these accounts, it seems to me that you are relying on a lot of legislation to be passed; is that correct?

Dr. KIMBERLING. Yes, Mr. Chairman; with the exception of a few provisions under the GSL account, all of the legislation currently governing these programs will expire September 30 of this year, and would require reauthorization.

Senator WEICKER. In the case of higher education, that has already been marked up and passed in the House. It has been passed in the House, and marked up in the Senate.

Dr. KIMBERLING. Yes, sir.

Senator WEICKER. What is going to happen there? Are you going to get floor amendments, possibly; is that what you are doing?

Dr. KIMBERLING. We feel that there is a possible opportunity for floor amendments, and for some of the provisions being worked out in conference. Some of the proposals that we have made have been adopted in either the same form that we have proposed, or in modified form, in either the House or the Senate version, or both.

For example, both the House and Senate have agreed that need analysis should be required for all GSL applicants. So the House, the Senate, and the administration are onboard with that provision.

Senator WEICKER. Are your budget figures based on the assumption that this legislation is going to be passed?

Dr. KIMBERLING. Yes, they are, Mr. Chairman.

Senator WEICKER. This is not a legislative committee.

Dr. KIMBERLING. I understand that.

Senator WEICKER. Don't you think that we should all be good conservatives, and present our budgets on the basis of the facts at the time?

Dr. KIMBERLING. What are you suggesting, Mr. Chairman?

Senator WEICKER. I am suggesting that right now I know what the law is, it is just as simple as that. When a member of this committee makes a proposal: I think that we ought to do such and such to the appropriation level because I might get my bill through the Senate. Do you think that I am going to go ahead and act on that? Why should I act on that because you people are doing it?

Dr. KIMBERLING. Our view is, Mr. Chairman, that since both the House reauthorization bill, which has passed the House, and the Senate full committee markup version differ substantially from present law, that it is an uncertain environment in terms of what the law will be in fiscal year 1987.

Senator WEICKER. I can tell you one thing that is not uncertain, I would doubt that many changes that you have in mind would be passed by the House or the Senate. I would appreciate it if you would please submit to the committee—again, it is not my job to pass on that, at least not with the hat that I now wear. I would appreciate if you would present to this committee, your budget request based on the law as written.

Dr. KIMBERLING. The current law.

Senator WEICKER. That is right, because I think that it is what we are going to end with. There may be some minor changes possibly, but I doubt that they are going to fall into line with what the administration wants.

I gather the President's budget for higher education seeks a 26-percent reduction from the 1986 appropriations, a $2.3 billion cut, which represents two-thirds of the $3.2 billion that was slashed from the Department of Education. Do you really think that Congress is going to go along with a $2.3 billion cut?

Dr. KIMBERLING. I don't know whether I am the person to guess what the Congress is going to do.

Senator WEICKER. You make the very point that I raise. There is no way of guessing at this.

Dr. KIMBERLING. No, sir.

Senator WEICKER. I think at least we are entitled to have the figures as they apply to the law as it now exists.

Dr. KIMBERLING. One can estimate, safely, I think, that at least 500 million dollars' worth of reductions will be accomplished through reauthorization, and I take this figure from our cost estimates for two provisions, and two provisions alone, which have received widespread endorsement by the Congress and by members of the higher education community. The proposal to extend need analysis to all GSL borrowers would save, in fiscal year 1987, $223 million. The proposal to revise the definition of independent student under the Pell Grant Program, and essentially to close a loophole in the current definition, would save $260 million.

Both of those changes, although in the latter case, it is in a form somewhat modified from our proposal, occur in both the House and Senate bills, and $223 million plus $260 million, that is $483 million.

I think, from where I sit, it is very safe to predict that there will be at least a $500 million cost savings with the adoption of those provisions. I suspect these provisions are very likely to be adopted since both bodies have acted upon them.

Senator WEICKER. That is assuming that nothing else is going to be increased.

Dr. KIMBERLING. Yes, sir.

PELL GRANT SHORTFALL

Senator WEICKER. The amount originally appropriated for Pell grants, pre-Gramm-Rudman, in fiscal year 1986 was close to the Department's estimate of full funding based on a maximum award of $2,100 for the neediest students, to pay up to 60 percent of the cost of education.

Now we find out that the Department's estimates were way off. In addition to the Gramm-Rudman cuts of $154 million, Pell grants were actually short by another $215 million, for a total shortfall of approximately $370 million for academic year 1986–87. What accounts for the Department's significant underestimation of Pell Grant Program costs?

Dr. KIMBERLING. Primarily, Mr. Chairman, a significant change in the per centum of independent students participating in the Pell Grant Program. When we look at the chronology of this, our original estimate at the time of appropriations action was that we would have a structural shortfall of approximately $470 to $490 million, and that is the shortfall that our proposal would take care of through additional funds appropriated in fiscal year 1987 and fiscal year 1988.

Our estimate was also, at that time, last fall, $70 million higher than the Congressional Budget Office [CBO] estimate, and it was the CBO figure, which was used for the final appropriation. Subsequent to that, as you have stated, the Gramm-Rudman-Hollings law was passed that resulted in the loss of another $154 million. Subsequent to that, in January 1986, we had our revised report on Pell grant cost estimates. This was known. It was conveyed to the Congress in the fall, at the time of appropriations, that we would be having a second cost estimate model. Unfortunately, the second cost estimate, which came down in January, showed that there would be an additional shortfall, and your current figures are correct.

LINEAR REDUCTION

Senator WEICKER. Are you planning to apply so-called linear reductions provided for in the statute when Pell funding is not sufficient?

Dr. KIMBERLING. Yes, Mr. Chairman.

Senator WEICKER. If so, how many students would be eliminated from the program?

Dr. KIMBERLING. There would be approximately 290,000 awards that would be eliminated entirely, and approximately 768,000 awards that would be reduced.

1987 BUDGET REQUEST

Senator WEICKER. Your fiscal year 1987 request for Pell grants for academic year 1987–88 is $3 billion. But how much is actually needed to fully fund the Pell Grant Program if the maximum award continues to be $2,100 for the neediest students to cover up to 60 percent of college costs?

Dr. KIMBERLING. Mr. Chairman, our estimate is based upon a $2,100 award, and 60 percent cost of attendance. It is, however, also based upon the adoption of a new definition of independent student. As I indicated, I believe some change in the definition will occur, and if the Congress adopts a change close to our proposal, then the savings from that change would be captured under any request.

There are also three other changes in our proposal, which are part of our request, and which are taken into consideration. We have proposed, first of all, to restrict Federal aid to students with high school diplomas or their equivalent, so there would be some students that would fall out of eligibility as a result of that change. If those changes are not adopted, it would require higher appropriations for full funding.

In addition to that, we have proposed changing the assessment rates on discretionary family income, and bringing them a little more in line with the assessment rates used for the campus based programs under the uniform methodology. Those assessment rates are higher than the current Pell assessment rates, which would also result in some savings in the program.

Finally, we would require that Pell grant undergraduate eligibility be restricted to 4 years of attendance, with some exceptions made for fifth year degrees or remedial work.

Our budget request, assuming those changes, would fully fund the program at the $2,100 and 60 percent figures. If those changes are not adopted, then we would have to cost out what additional sums would not be saved from failure to adopt those proposals. It would be an amount in excess of the $3 billion, and I don't have the precise figure in front of me.

Senator WEICKER. Senator Harkin.

ELIMINATION OF GSL INTEREST SUBSIDY

Senator HARKIN. Mr. Chairman, thank you. I just have one question here that has to do with doing away with the interest subsidy.

The interest subsidy payments when you have to borrow money while you are in school those would be eliminated?

Dr. KIMBERLING. Yes, sir.

Senator HARKIN. You also say that students have the option of paying interest as it accrues, or borrow additional amounts to cover the accrued interest, or having the interest capitalized.

Have you thought about the effects of this, or have you done any studies to see what the effects of this might be, to do away with the interest subsidy payments?

First of all, I don't understand how students are going to capitalize interest. I don't understand that.

Dr. KIMBERLING. The capitalization proposal would essentially increase the student's debt balance after the completion of each year in school. The principal balance due when the student enters into repayment would be increased by whatever interest had accrued during the years in school.

For example, on a $2,500 loan, the borrower's interest rate would result in about 200 dollars' worth of interest that would be owed during that year. After capitalization of that interest, the principal balance after that year would be $2,700, rather than $2,500.

Senator HARKIN. I wonder what effect it might have on the program itself. Do you think that it will have no effect?

Dr. KIMBERLING. I don't think that it will have any effect upon students' access to loans because the three options that are outlined provide the lenders with their interest income. In fact, if the capitalization option is used or the student borrows additional amounts for the interest, then the total principal owed to the bank will be larger, and the banks will be receiving special allowance payments on that larger principal. So the banks will have a marginal advantage under those two options. I don't think that it will have a negative effect upon lender participation in the program.

Obviously, the borrowers will be paying more money than they would have, had they received an interest subsidy. We are proposing, however, under the GSL Program, that the borrowers may extend payments into a 15-year period rather than the 10 years to which they are currently limited.

An analogy can be drawn to the housing market. Many people when they are buying a house make a decision based upon how affordable their monthly payments are, and in many cases, they are willing to accept extra interest on the total mortgage of the house in order to lower their monthly payments. They will take a 30-year, rather than a 20-year mortgage. They will take an adjustable rate mortgage as opposed to something else.

In the same way, although the borrower will, in fact, be paying more money, we feel that by stretching out the repayment period, and, therefore, making these monthly payments more affordable, the borrowers will be able to afford this extra amount.

Senator HARKIN. How much will you save by doing this?

Dr. KIMBERLING. In fiscal year 1987, we estimate a savings of $503 million, and by 1988 that will move up to more than $1 billion, by 1989, $1.67 billion, and $1.7 billion by 1990, and so on. That is the single most costly component of the current program.

BORROWER'S INTEREST RATE

Senator HARKIN. Would they still have a grace period, and would they capitalize every year as soon as they got out of college. Then what they were doing——

Dr. KIMBERLING. The grace period would remain at 6 months before regular repayments would start. The borrower's interest rate would be the T-bill rate, the 91-day T-bill rate calculated as of the end of March prior to the academic year in which the loan is originated.

If you got a loan for school beginning in September, its interest rate would be the average of the 3-month T-bill rates for January, February, and March of that particular year, and that interest rate would be locked in through the period while you are in school, and for 2 years after.

After a period of 2 years, which is essentially allowed to enable someone to gain stable employment, get a work record, get into the job market, and so on, the borrower would then pay the full cost of the loan, which would be an interest rate negotiated with the lender, subject to a cap of the T-bill rate plus 3 percent.

Senator HARKIN. A student goes into college with a guaranteed student loan. He gets the T-bill rate of the previous 3 months ending in March.

Dr. KIMBERLING. Exactly.

Senator HARKIN. An average, that is the average of the 3 months?

Dr. KIMBERLING. Yes.

Senator HARKIN. That is the interest that he pays on that loan, but you say that interest accrues, and they can capitalize that interest that year.

Dr. KIMBERLING. Or as long as they are enrolled.

Senator HARKIN. If they borrow $2,500, the interest is $200, as you said earlier, then would that $2,700 that is capitalized at the end of the year be at that rate, at that 3-month T-bill rate?

Dr. KIMBERLING. Yes; that rate would be locked in for the student while in school, and for 2 years after leaving school.

Senator HARKIN. It would not be compounded on to the next year's borrowing, if you had to borrow the next year also, at a different rate?

He might have three separate loans at three separate rates of interest; is that right?

Dr. KIMBERLING. Yes; that is correct.

Senator HARKIN. The $200 of interest that would accrue that year would not be added on to the next year, it would be added on to the last year.

Dr. KIMBERLING. Yes; each one would be treated separately. The reason behind our proposal, essentially, is that market rates ought to prevail. In this program, the current fixed rate of interest, while market rates are falling, has penalized the borrowers and the taxpayers who pay the interest benefit while the borrower is in school.

For example, in the Parent Loans for Undergraduate Students [PLUS] Program, we currently have a fixed borrower rate of 12 percent. Under our proposal of a T-bill plus 3 percent interest rate, since the T-bill is currently running at 7 percent, the borrower's interest rate under the PLUS Program would fall to 10 percent. The rate that borrowers actually pay would decline by about 2 percent.

Senator HARKIN. It is hard to argue with one thing, the Guaranteed Student Loan Program has been a boon to a lot of students.

Dr. KIMBERLING. Yes, sir.

INCOME CONTINGENT LOAN PROGRAM

Senator HARKIN. I was wondering, has the Government done any studies to see what might happen if we had a direct loan program that would be administered not by the banks, but just by the schools themselves, on a need basis, that would be direct lending from the Government to that student, and that would be paid back through the school from which that student graduated.

Dr. KIMBERLING. Well, Senator, that is pretty much how the current NDSL Program operates. Our proposal for an Income Contingent Loan Program would modify the NDSL Program, and expand it in terms of the loan capital available. We are proposing, over a 5-year period, to put a total of $1.4 billion of new Federal capital dollars into a pool. The NDSL capital pool that the colleges and universities currently have already provides approximately $800 million for new borrowing every year, and we are now on some college campuses into the third generation of borrowers under this program.

Senator HARKIN. Thank you, Mr. Chairman.

PARTICIPATION IN THE PELL GRANT PROGRAM

Senator WEICKER. Thank you, Senator Harkin.

What is the current participation rate in the Pell Grant Program by controlled institutions, that is, public versus private, nonprofit and forprofit?

Dr. KIMBERLING. I believe I have that figure, Mr. Chairman. I assume that you would prefer percent of funds rather than percent of schools.

Senator WEICKER. Yes.

Dr. KIMBERLING. Public 2-year schools, this is as of the 1984–85 award period, the most recent year where we have final data, 18 percent of the Pell funds go to public 2 year; 2 percent go to private 2 year; 38 percent go to the public 4 year; 21 percent go to private 4 year, and 21 percent go to proprietary, the forprofit occupational/vocational schools.

Senator **Weicker**. In your view, which institutions would benefit most from the current Pell grant formula?

Dr. **Kimberling**. From the current formula, all other things being equal, I think that it would slightly, although the figures don't quite show it, it would slightly tilt—that is because of enrollments—toward the private institutions because they tend to be higher cost. The average private institutions' tuition, fees, room and board, were about $8,600 in 1985. Because the Pell grant gets capped at either $2,100 or 60 percent of the cost of attendance, it is usually that 60-percent cap that comes in for public institutions because of their lower costs.

SELF-HELP

Senator **Weicker**. Do you anticipate any shift in the type of institutions that would be attended by students if your self-help proposal were accepted?

Dr. **Kimberling**. If the self-help proposal were accepted, we don't believe that there would be any significant shift. There would be, perhaps, a slight shift in the mix of funds for those attending the extremely low-cost institutions, and coming from the middle or lower middle income ranges now. They, in some cases now, are able to pay for their education entirely through grant funds. Under the self-help proposal, they most likely would have a mix of grant and loan funds. But we feel that it is simply unfair that some students from similar circumstances, or higher income circumstances, going to lower cost schools can pay for it entirely through grants, while other needier students have to borrow just to exercise a little bit more choice.

Senator **Weicker**. Last year, former Assistant Secretary Elmendorf stated that the Federal Government should provide access to an institution, but does not necessarily have to guarantee a student's choice of institutions. Do you agree with that statement?

Dr. **Kimberling**. Yes; I do, sir.

Senator **Weicker**. Senator Proxmire.

INTERNAL REVENUE SERVICE OFFSET OF DEFAULTED LOANS

Senator **Proxmire**. I would like to ask you about the Student Loan Program, particularly the student loans that are not being repaid.

As you know, the Internal Revenue Service [IRS] has been withholding Federal tax refunds from anyone found in default on debts owed the Federal Government. How much has the Department collected so far under this activity?

Dr. **Kimberling**. Senator Proxmire, we have collected slightly in excess of $61 million as of April 10, the latest figures available.

Senator **Proxmire**. How much will be collected during the current tax season?

Dr. **Kimberling**. We are estimating $116 million, and that compares with $93 million in total collections on student loans at the Federal level, defaulted student loans from all measures taken last year.

Senator Proxmire. How many defaulters are we talking about?

Dr. Kimberling. We referred approximately 1.3 million defaulted accounts to the IRS. I believe Mr. Hastings can give you an idea of the total number of defaulters that we have across the program.

Mr. Hastings. We sent out notices to about three-quarters of 1 million people, telling them that we were going to request IRS assistance. However, 600,000 defaulted accounts actually went to IRS because of some constraints that IRS placed on our participation.

Senator Proxmire. I have heard that 85 percent of the Government's outstanding debt in this regard was owed by students. Is that right?

Mr. Hastings. Eighty-five percent of delinquent debt?

Senator Proxmire. Eighty-five percent of all the delinquent debts owed to the Federal Government was owed by students.

Mr. Hastings. I doubt that, it is far too high.

Dr. Kimberling. Eighty-five percent of IRS default collections were related to Education Department student loans.

Senator Proxmire. That is correct. Isn't that a pretty bad record, 85 percent being student loans? Why are we so weak there?

Dr. Kimberling. Well, Senator, I would reverse it to this extent. There are five Federal agencies that are participating in the IRS offset program, and we were the most active agency in terms of dollars referred, and number of accounts referred, to the IRS. So we simply represent the largest participant in this first year of the offset program. It does not reflect the proportion of the total defaulted debt to various agencies under various programs.

Senator Proxmire. How far back do these defaulted loans go; 10 years or longer?

Dr. Kimberling. We were prohibited by IRS from referring accounts more than 10 years old. So they are all within the last 10 years.

Senator Proxmire. If they are older than 10 years, they have it made. If I might just stay on your debt collection for 1 minute.

REPORTS TO CREDIT BUREAUS

Does the Department also report student defaulters to consumer credit bureaus?

Mr. Hastings. Yes.

Senator Proxmire. That seems to me to be another very effective way of doing it.

Mr. Hastings. We reported about 450,000 people to credit reporting agencies.

DEFAULTER CHARACTERISTICS

Senator Proxmire. Is there a national profile of the type of student who is most likely to default on a loan?

Dr. Kimberling. Yes; I think there is. I think Mr. Hastings can outline that.

Senator Proxmire. Do they primarily attend community colleges, or provider institutions such as beauty culture schools?

Mr. HASTINGS. There is not a national profile per se. There have been two recent studies done, one by the State guarantee agency in New York, and one in Virginia, concerning defaulter characteristics in their own States.

Community college and proprietary school students do tend to be overrepresented among people who default. Whether that says more about the type of student who is enrolled in those schools, or about the school is a matter of debate certainly.

The amount borrowed, quite significantly, is inversely proportional to the likelihood of default. That is, the average loan that has gone into default tends to be just a little bit over one guaranteed loan.

Senator PROXMIRE. They borrow a small amount, but they don't pay it back.

Mr. HASTINGS. They have a higher dropout rate, and consequently don't complete school. They don't get the value added from the education, therefore, their employability is not enhanced as a result of having attended the school.

Senator PROXMIRE. There was a recent article in the Los Angeles Times regarding the high student loan default rate in California, which now totals $1.2 billion a year. Apparently default rates higher than 40 percent are common for students who enroll in private business colleges and beauty academies but less than 8 percent for students attending the University of California.

The article reported that nearly one-third of all students attending the State's community colleges default on their Federal loans. Moreover, despite tuition charges of only $100 a year at junior colleges, most students take out the $2,500 a year maximum currently available under the Guaranteed Student Loan Program.

USE OF LOANS FOR EDUCATIONAL PURPOSES

According to this article:

> Some students are said to use the loans to buy cars and that would be a legitimate expense because you need a car for transportation. You don't have to say how you are going to use the money, as long as it is in pursuit of an educational objective.

Is that true?

Mr. HASTINGS. The law requires that all students participating in title IV sign a statement that they will use the funds that they receive only for educational purposes.

Senator PROXMIRE. Would the student buying a car be considered an educational purpose?

Mr. HASTINGS. It might or might not. The student in Los Angeles, for instance, where there are large commuting distances, might very well need private transportation.

Senator PROXMIRE. I understand that.

DEMONSTRATION OF NEED

Dr. KIMBERLING. Senator, if I could just add one point. We have proposed in the last few years, and it does appear that it will be adopted under the reauthorization of the Higher Education Act, that the standard student financial aid means testing occur for all borrowers. The effect of this, in some instances, will be to reduce the amount of money that a person can borrow to the level where they can demonstrate clear financial need for the funds.

We feel that this would be a salutary feature in preventing overborrowing, beyond what is needed for educational purposes.

Senator PROXMIRE. Can you tell us whether any of the changes authorized in the Reconciliation Act will remedy the situation?

MULTIPLE DISBURSEMENT

Dr. KIMBERLING. There are some changes, Senator, in the Reconciliation Act that will help the situation. The act does require multiple disbursements of student loans, and it requires that the checks be made payable to the borrower, but delivered to the institutions. This prevents the situation which occurs once in a while where a student can fill out all of the paperwork, and actually never show up and enroll on campus, to begin a program of study.

The financial aid administrators favor, in general terms, the disbursement of awards only to those who actually show up on their doorstep.

GSL PROGRAM ABUSE

Senator PROXMIRE. Is that a substantial abuse where people, in order to get a student loan, will apply as students and then never show up for class?

Dr. KIMBERLING. I don't believe that it is a substantial area of abuse, but obviously it is one that is fairly easy to control.

Senator PROXMIRE. What would it amount to, 5 percent or 10 percent?

Mr. HASTINGS. I don't know that we have any particular evidence on that. There was criminal prosecution in the Midwest just last year of two people who were going around schools all through the Midwest, specifically getting guaranteed loans.

Dr. KIMBERLING. This was the guy who was driving his Corvette, and he had a box of student aid forms. He would drive out every couple of weeks to make an application.

Senator PROXMIRE. That anecdotal stuff is what some people use, but it doesn't impress me. I think that we ought to have some data on whether this is something that really amounts to not just an occasional rip-off artist, who should be prosecuted, of course, but thousands of people who are doing this.

Do you have any convincing data one way or the other as to whether there are many people doing it, or is it only a small number.

·Dr. KIMBERLING. I don't believe we do, Senator.

Senator Proxmire. We ought to think of a way to get this data.

Dr. Kimberling. In light of the fact that reconciliation will now require this mode of disbursement for the next academic year, it would take at the very least a sample survey possibly of student financial aid administrators and guarantee agencies.

LENDER AND GUARANTEE AGENCY REVIEW

Senator Proxmire. GAO reported that in 1984, the Department visited less than 7 percent of the 13,000 lenders who took part in the Guaranteed Student Loan Program. I think that this is a pretty dismal figure.

How can you be sure that lenders are using proper debt collection procedures to minimize defaults?

Dr. Kimberling. Senator, we would point out that the guarantee agencies who actually certify a lender under the aegis of their agency, have an oversight and monitoring responsibility with respect to lender participation. Much of the lender level monitoring is the responsibility of the guarantee agencies.

The Federal Government is a partner in this, but the Federal figure would not reflect the total amount of monitoring of the lenders.

We have a couple of studies of lender behavior that are underway, under contract. The General Accounting Office, and our own inspector general's office are also doing some spot audits this summer of lender behavior.

Senator Proxmire. How many of the 58 guarantee agencies were reviewed last year?

Mr. Hastings. Their objective is to do all agencies once a year, but I am not sure that they did them all last year or not.

Dr. Kimberling. I would have to find that figure for the record.

Senator Proxmire. Let us know, because I would like to compare also the figures for 1984 and 1985.

[The information follows:]

Guarantee Agency Reviews

Twenty-six of the fifty-eight guarantee agencies were reviewed by the Department of Education in fiscal year 1984 and 35 were reviewed in 1985. To date in fiscal year 1986, nine guarantee agency reviews have been completed.

GUARANTEE AGENCIES RECIPROCITY LEGISLATION

Dr. Kimberling. There is a provision, Senator, that is in one of the reauthorization bills which would require reciprocity among the guarantee agencies in treating lenders. If the Tennessee Authority were to debar a particular lender for what they felt was bad behavior in administering the program, it would mandate that all other guarantee agencies respect the judgment of the Tennessee Authority and not allow that lender to participate in the program.

Senator Proxmire. Is some of that in effect by regulation, or do you need to have legislation?

Mr. HASTINGS. No; we would need the legislation on that because it actually requires the Secretary of Education to make the determination.

Senator PROXMIRE. The administration is supporting that bill.

Dr. KIMBERLING. We would support that provision.

Senator PROXMIRE. What are your targets in fiscal year 1987? How many lender reviews are planned, and how many guarantee agencies will be visited?

Dr. KIMBERLING. I don't believe, Senator, that we have put together a 1987 plan for lender reviews. The most recent complete year data is 1985, when we conducted 636 lender reviews. As of mid-February of this year, we conducted 229, so I would imagine that it would be comparable to the prior-year figure.

Senator PROXMIRE. Would you furnish that for the record?

Dr. KIMBERLING. Yes; we will.

[The information follows:]

1987 LENDER AND GUARANTEE AGENCY REVIEWS

Plans for guarantee agency reviews in 1987 are not yet finalized, since many decisions about the allocation of the departmental budget have not yet been made. At this time, we plan to review 29 guarantee agencies and 600 lenders in 1987.

RECOVERY OF ADVANCES

Senator PROXMIRE. The inspector general recommends that the Department seek legislative authority to recover about $163 million issued earlier to certain student loan guarantee agencies to guarantee student loan programs. Apparently, the inspector general feels that these agencies can now operate the program efficiently without any more funds for these startup costs. Why don't these agencies return the funds voluntarily? What is their argument?

Dr. KIMBERLING. Their argument is, in part, that the newer agencies have not built up reserve capital sufficiently to return the money at this time.

However, other agencies benefit currently by being able to invest the reserves and draw interest and dividends from their investment, and those accrue entirely to the agency. So I imagine that they don't want to give up a good deal when they have it.

Senator PROXMIRE. Did the Department every try to offset their administrative reimbursement under the program as a way of recovering these funds?

Dr. KIMBERLING. We have not paid administrative cost allowances since the first quarter of fiscal year 1985. We have not thereby offset. Our position is that the administrative cost allowances should not be provided either.

Senator PROXMIRE. Does your legislative package include the inspector general's recommendations?

Dr. KIMBERLING. Yes; it does.

REQUIREMENT OF A HIGH SCHOOL DIPLOMA

Senator PROXMIRE. This year's budget proposes to end eligibility for student aid to those who do not have a high school diploma, but are currently eligible to receive due to their ability to benefit from, for example, attending a trade or technical school which teaches a trade for gainful employment.

Can you estimate the number of Pell grant recipients who do not have a high school diploma, but who have been admitted on the basis of their ability to benefit?

Dr. KIMBERLING. Yes; we have that estimate handy. There was a GAO report completed in late 1984 which showed a severe problem with those ability to benefit students completing their degree. Some 61 percent admitted on that basis at sampled proprietary institutions did not complete their degrees or certificates. Approximately 22 to 25 percent, according to a survey by the National Association of Trade and Technical Schools, are admitted on ability to benefit in trade and technical schools.

Senator PROXMIRE. What are the completion rates for postsecondary education of ability to benefit students as compared to diploma holders? Is there no difference, or why are you proposing a change?

Dr. KIMBERLING. Significantly less, Senator, according to the GAO study, which is the best estimate that we have to go on, about 61 percent did not complete.

Senator PROXMIRE. Compared to how many with diplomas?

Dr. KIMBERLING. I am afraid that we will have to get that for you.

[The information follows:]

DROPOUT RATE

The August 20, 1984, General Accounting Office report on proprietary school management of the Pell Grant Program reported that of the students admitted (in the schools surveyed) approximately 61 percent of those admitted under the ability to benefit criterion, dropped out, compared to 47 percent of those admitted with a high school diploma or its equivalent.

SAVINGS ASSOCIATED WITH ABILITY TO BENEFIT PROVISION

Senator PROXMIRE. I would like that comparison. Also, let us know how much this will save in the short run, and in the long term, either for the record, of if you have it available.

Dr. KIMBERLING. I may have a couple of figures available. Actually, in the GSL Program, there is a very small initial saving of $1 million, but it increases up to $20 million by 1991. We may have some Pell figures, too.

Senator PROXMIRE. Provide that for the record, because I have a meeting to go to.

Dr. KIMBERLING. In Pell, that would be $131 million, it is a much more substantial savings there.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator PROXMIRE. I want to thank you very much, doctor and colleagues, you have been very responsive, and I appreciate it.

There will be some additional questions from myself and various Senators which we would like for you to respond to for the record.

Dr. KIMBERLING. We would be happy to respond to the questions.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

HIGHER EDUCATION

ORIGINAL BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Higher Education was $339 million. The final President's Budget of $262 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

GRADUATE AND PROFESSIONAL OPPORTUNITIES PROGRAM

Question: How effective has the Graduate and Professional Opportunity program been in meeting its goal of support to institutions of higher education to assist minorities and women in pursuing graduate study in fields in which they are underrepresented?

Answer: The Graduate and Professional Opportunity program has been very effective in meeting its goal of providing support to institutions of higher education to assist minorities and women in pursuing graduate study in fields in which they are underrepresented.

Since the program began in 1978, more than 3,000 fellows have participated in the program. Minority groups participated in the 1984-85 academic year in the following percentages: Blacks (50 percent), Hispanics (22 percent), Asian-Americans (5 percent), Native Americans (4 percent) and white females (19 percent). Women comprised more than 50 percent of the 1,456 fellows supported during academic year 1984-85.

Question: Are such fellowships also based on financial need?

Answer: Institutions participating in the program are required to consider financial need in making awards.

Question: Is your rationale for requesting an end to the program purely based on economics or is there no further need for such assistance?

Answer: In 1983, less than one percent of all students receiving doctorates had received assistance through the Graduate and Professional Opportunities Program (GPOP). The small number of graduate students receiving assistance under this program have many other sources of support available to them, including the loan and work-study programs authorized under Title IV of the Higher Education Act. The GPOP program unnecessarily duplicates these other sources of aid.

Question: If your rationale is to cite the fact that other programs exist to do the same thing, specifically which programs are doing the same thing? In other words, are they general assistance programs or do they specifically seek to increase opportunities for women and minorities in professional fields in which they are underrepresented?

Answer: Both targeted and general assistance programs are available to assist women and minorities in pursuing graduate studies in fields in which they are underrepresented. The National Science Foundation, for example, supports two fellowship programs for students planning to pursue graduate study in the science fields. Notably, one of these programs is specifically targeted to women and minorities. In addition, these students are eligible for many of the student aid programs administered by the Department including the loan and work-study programs authorized under Title IV of the Higher Education Act.

COOPERATIVE EDUCATION

Question: If the Cooperative Education program has proved successful over the years in encouraging postsecondary schools to develop cooperative work and study programs with public and private employers (as your justifications state), why do you request that the Congress provide no funding for this program in fiscal year 1987?

Answer: The Federal Government has been instrumental in demonstrating the value of Cooperative Education. This is evidenced by the fact that over 1,000 institutions have Cooperative Education programs. However, only 178 of these programs are receiving Federal funds. The other institutions have continued programs after Federal support was withdrawn or initiated programs without any Federal financial inducements. We have every reason to believe that in light of this evidence, institutions will continue their Cooperative Education programs and that those institutions currently receiving funds will continue even if Federal support is withdrawn.

Question: In particular, why is the $13.8 million fiscal year 1986 post-sequestration funding level for Cooperative Education considered by the Administration to be too much to spend for a program that helps establish programs that pragmatically link a student's formal education with actual work experiences?

Answer: Because of the reduced need for Federal involvement and the availability of support from the private sector, it is no longer necessary for the Federal Government to fund the Cooperative Education program. More than one-third of the Nation's postsecondary institutions have adopted Cooperative Education programs and there is widespread recognition of the benefits of this educational approach. The benefits have been demonstrated to an extent that there is no longer a need for Federal encouragement and stimulation in this area.

Question: With your request for no fiscal year 1987 funding for Cooperative Education, do you mean to suggest that there are no postsecondary schools left that might be encouraged to establish Cooperative Education projects?

Answer: The concept of Cooperative Education has been demonstrated adequately, and accepted very positively, as evidenced by the number of participating institutions. The recognition of benefits provided by the Cooperative Education program is widespread in the education and business communities. This is an area in which institutions should be very successful in obtaining private sector support. Because of the positive acceptance of the program and declining enrollments, along with increasing demand for Cooperative Education programs, education institutions will be motivated to support such programs on their own.

NATIONAL GRADUATE FELLOWSHIPS

Question: You are also proposing an end to the relatively new National Graduate Fellowships program which provides support to students of superior ability to pursue study in the arts, humanities and social sciences.

Graduate school enrollments in the arts and sciences have declined. A study by Columbia University, "Passing the Torch: Graduate Education and America's Future" indicated that the diminishing pool of first rate teachers and researchers armed with doctorates can be blamed on higher education's "failure to attract and keep a sufficient number of the best students in graduate schools of arts and sciences."

What is your response to these findings?

Answer: This problem does not stem from lack of Federal funds. Substantial amounts of financial aid are made available to graduate students through the programs authorized under Title IV of the Higher Education Act, and through programs funded by other agencies, such as the National Science Foundation and the National Institute of Health. In addition, most universities offer significant amounts of financial support to students pursuing doctoral degrees. There are many factors which influence a student's choice to pursue graduate education, such as general economic conditions, potential salary levels, and personal aspirations. If students fail to pursue graduate education in spite of the availability of adequate financial resources, the higher education community must seek appropriate solutions elsewhere.

Question: Is your proposal based on economics or do you know for a fact that this program is not meeting its goals?

Answer: Fiscal year 1985 was the first year in which funds were appropriated for this program. Thus, the Department has not yet had an opportunity to observe or evaluate the results of this program. However, it is clear that aid provided under the National Graduate Fellows program duplicates aid provided by Title IV student aid programs and other sources.

Question: What is your rationale for eliminating a vital program at a time when graduate education needs to be strengthened and superior graduates need to be encouraged?

Answer: Currently, there are a wide variety of Federal and non-Federal sources of financial support available for graduate and professional study. These include Title IV student aid (Guaranteed Student Loan, National Direct Student Loan and College Work-Study programs), programs funded by other agencies, such as the National Science Foundation and the National Institute of Health, and support from postsecondary institutions, foundations and other private sources. These students may also be eligible for assistance under the proposed Income-Contingent Loan program.

AID FOR DISADVANTAGED STUDENTS (TRIO)

Question: Once again the Department of Education justifies its cuts in the Special Programs for Disadvantaged Students (TRIO) on the basis of a lack of evidence of effectiveness of these programs.

How is it possible to have evidence of effectiveness when the Department has conducted recent evaluations of only the Upward Bound and Special Services programs, the two programs that appear to be funded under the Department's fiscal year 1987 budget proposal?

Answer: The Department has conducted recent evaluations of only the Upward Bound and Special Services programs. These evaluations demonstrated generally favorable effects of participation in these two programs. It is not surprising that the Upward Bound and Special Services programs are effective. A large amount is spent per participant under these programs, and the services provided are intensive. The other programs provide only short-term services with little spent per participant.

While it is true that the Department has not conducted any recent evaluations of the Talent Search or the Educational Opportunity Centers, we are aware that many of the services provided by these programs are already provided by schools, colleges, and other organizations without receiving support from the Federal Government. The services provided by these two programs are relatively low cost. We believe that schools, colleges and organizations ought to provide such services, and that the Federal role should be to stimulate them to initiate such programs. Under the current program, long-term support is provided which we believe is inappropriate.

We believe, therefore, that these programs should be restructured as proposed in the Administration's bill to maximize the success of these programs. This would enable institutions and organizations to design projects which will meet the needs of the disadvantaged in their area.

INTERNATIONAL EDUCATION

Question: Does any Federal agency attempt to coordinate all Federal international exchange and education programs?

Answer: Yes. The U.S. Information Agency (USIA) has a legislative mandate to "coordinate the international informational, educational, and cultural activities, including exchange programs, conducted by the U.S. Government." As such, that agency performs in the role of Federal coordinator.

Question: If not, why not?

Answer: As indicated in response to the Subcommittee's previous question, this is a function of the USIA.

Question: Please provide us with a listing of all Federal programs supporting international educational travel or exchange.

Answer: The following are the major Federal programs supporting international exchanges and travel. All of these programs--in addition to the exchange and travel experience--provide for some form of participant education or training.

- Agency for International Development
  - Participant Training Program
- Department of Defense
  - Foreign Military Sales Programs
  - International Military Education and Training
- Department of Education
  - Doctoral Dissertation Research Abroad
  - Faculty Research Abroad
  - Foreign Curriculum Consultants
  - Group Projects Abroad
  - Special Bilateral Projects
- Department of Health and Human Services

  Alcohol, Drug Abuse, and Mental Health Administration:
  - Guest Workers
  - Visiting Program

  Centers for Disease Control:
  - Training Overseas by CDC Experts
  - Visiting Scientists

Food and Drug Administration:
- -- Consultants
- -- Guest Workers
- -- Visiting Scientists

Health Resources and Services Administration:
- -- AID Participant Trainees
- -- Exchange Opportunities
- -- Guest Workers
- -- Training in Foreign Countries
- -- WHO Fellowships

National Center for Health Statistics:
- -- Training Overseas
- -- Visitors and Guest Workers

National Institutes of Health:

Foreign Scientists:
- -- Fogarty Scholars in Residence
- -- Foreign Work/Study
- -- Guest Researchers
- -- International Fellowships in Neurosciences and in Tropical Diseases
- -- International Research Fellowship Program
- -- Visiting Program: Fellows, Associates and Scientists

U.S. Scientists:
- -- French, Swedish, Swiss, and German Fellowships
- -- Senior International Fellowship Program

Bilateral Agreements:
- -- U.S.-Romania Scientist Exchange
- -- U.S.-U.S.S.R. Exchange in Health Sciences

o National Science Foundation

o Peace Corps

o U.S. Information Agency

- -- Academic Exchanges
- -- American Participants Program
- -- East-West Center
- -- International Educational Development
- -- International Visitors Program
- -- President's International Youth Exchange Initiative
- -- Private Sector Program
- -- Teacher Exchanges

In addition to these major exchange programs, the Federal Government sponsors a number of others of more modest levels of support. These include exchanges sponsored by the Japan-U.S. Friendship Commission, the Inter-American Foundation, and a few other Federal and quasi-governmental agencies.

Question: How is the Department of Education's program coordinated with the other Federal programs?

Answer: First of all, we keep well-informed of the programs and activities of the numerous other Federal agencies that are involved in foreign language training and international education and exchanges. In this regard, and in addition to our own direct liaison and contacts, we consult with the National Advisory Board on International Education Programs--an advisory body established by law.

In specific regard to our international exchange programs, these are coordinated through the USIA which is under legislative mandate to coordinate these activities. This service is provided through the U.S. Government Exchange Coordination Unit in USIA's Office of Academic Programs.

Question: In other contexts, such as the agreements at the Geneva Summit meeting between President Reagan and Soviet leader Gorbachev or the President's Initiative for Youth Exchange, this Administration has supported international educational exchange. Why, then, do you propose terminating this program?

Answer: The Federal Government supports and needs to be involved in international exchange activities that directly assist in accomplishing the Nation's foreign policy objectives--such as the kinds of exchanges envisioned by the agreement between the President and the Soviet leader, Mr. Gorbachev. These types of exchanges, though, are more properly in the purview of agencies such as the USIA and the State Department.

The limited and broadly academic exchanges supported by the Department of Education are not sufficiently related to foreign policy needs to merit their continued Federal support as a budgetary priority.

Question: In passing H.R. 3700 last December, with its expanded authority for Title VI of the Higher Education Act, the House of Representatives reaffirmed its support for Federal aid to foreign language and area studies education.

In view of this action, why do you again propose terminating the Title VI programs?

Answer: The Department's International Education programs are simply not an Administration priority, especially in view of the serious and substantial deficit reduction need and our interest in curtailing nonessential program spending.

First of all, we believe that fundamental responsibility for the financial support of basic academic studies (including foreign language instruction) lies with schools, school systems, and institutions of higher education themselves. The Nation's serious deficiency in foreign language studies is rooted in the lack of curricular requirements and other standards of excellence at those levels of education preparation, and our International Education programs have little direct impact in this area.

Secondly, with respect to national security and other Federal-level needs, we believe that those agencies substantively involved in defense, security, foreign policy and commerce are the more appropriate determiners of needs and the providers of support for responsive activities.

Lastly, we think that the private sector and the institutions themselves can and should begin providing far more support for international education than they do now. Current and previous support has come from such organizations as the ASIA Foundation, the Carnegie Corporation, and the Ford Foundation, as well as a number of businesses and industries involved in international commerce. We are convinced that these organizations and many others--such as labor unions, trade associations, and chambers of commerce--can be expected to begin providing more support as they come to increasingly recognize the direct benefits.

Specifically, we think that many--if not all--of the international education activities assisted by the Department would continue without Federal funds for the following reasons and in the following ways:

- National Resource Centers derive only a very small portion (currently about seven to eight percent) of their operating budgets from Federal funds. Moreover, these centers perform important instructional and academic research functions for the institutions themselves, and so it would clearly be in their own self-interest to continue them.

- Fellowship recipients have access to the many forms of Federal financial aid available to all graduate students, and many of them would undoubtedly qualify.

- Business projects have already received sufficient support for demonstrating the importance of business and international education linkages in improving our capability and performance in international commerce. Now that this concept has been adequately demonstrated, we expect that business and industry will continue to support--on a larger scale--these types of projects.

- Other specialized research, demonstration, or service projects can be financed through State, local, institutional, and private sources.

Question: Several recent reports have criticized the lack of competence in foreign languages by American students at all levels of education.

Why, then, do you propose to terminate the primary Federal education program that supports foreign language education?

Answer: The Department's International Education programs focus primarily on the development and maintenance of high-level expertise in certain languages, cultures, world areas, and topics of international importance. These programs have little direct impact on foreign language studies and international education in the education community generally, and in elementary and secondary schools, in particular.

We think that the Nation's serious deficiency in foreign language studies is rooted in the lack of curricular requirements and other standards of excellence in our elementary and secondary schools--a serious problem, but one that is not addressed directly by the types of programs administered by this Department.

Fundamental responsibility for the financial support of basic academic studies (including foreign language instruction) in American education lies with schools, school systems, and higher education institutions themselves. It is at these levels of educational preparation that serious, proper, and well-rounded academic training must be supported.

The more appropriate role of the Federal Government is one of leadership. To the extent that we can succesfully encourage State and local school boards and educational agencies, as well as colleges and universities, elementary and secondary schools, administrators, teachers, students, and parents to commit themselves to international and foreign language literacy, American capability and performance in these areas will excel.

Most notably, the commissioning and issuance of the report of the President's National Commission on Excellence in Education, "A Nation at Risk: The Imperative for Educational Reform" and the "Presidential Academic Fitness Awards" illustrate the kind of leadership that can effectively challenge the Nation's schools. Already, we have witnessed the proposal and establishment of strengthened curricular standards in school systems across the country--often including recommendations for more emphasis on foreign language studies. We believe that at least some of this strengthening of school curricular requirements has been influenced, if not wholly encouraged, by the Federal Government's leadership activities.

We are not questioning the importance of foreign language and world studies to our national defense and security. We do not, however, believe that the Department of Education is the appropriate agency for determining Federal needs in these areas and for developing and supporting responsive programs and activities.

We believe, instead, that Federal agencies substantively involved in national security matters are better able to determine needs and to establish priorities for training, research, and other activities. These agencies, in fact, already provide considerable support. For example, while the Department of Education finances less than one percent of the international exchanges supported by the Federal Government, most of the remainder are being supported through the USIA, the Departments of State and Defense, and the Agency for International Development. Additionally, there are a number of specialized foreign language training programs across these as well as other Federal agencies. As an example, the State Department administers a Soviet-East European Research and Training program which--while substantially similar to some of our own international education support--is more properly focused on an identified, critical area of national concern.

SAVINGS ACCOUNT

Question: Now let's discuss one of your proposed changes in higher education which affects the tax laws.

Would you explain for us briefly how your proposed Education Savings Account would work?

Answer: The Administration's Education Savings Account (ESA) proposal is intended to encourage self-help in meeting postsecondary education costs through advance financial planning. Under our plan, an eligible family would be allowed an annual ESA savings contribution of up to $1,000 per dependent child through the year in which each child reaches age 18.

Interest on ESA savings would be tax-sheltered through the year in which the dependent child reaches age 25. Only interest that is accumulated but not used for qualifying educational purposes (e.g., withdrawn early, used for another purpose, or not used by the year in which the dependent child attains age 26) would be taxed--being taken as an adjustment to the family's income in the year of such crediting.

ESA savings could be used to finance any postsecondary education leading to a degree or certification (including education at vocational/proprietary schools as well as colleges and universities). The amount of savings proceeds so used in any one year, however, would be limited to the amount needed to finance the dependent child's cost-of-education (generally to include tuition, room, and board for a full-time student, and tuition only for a part-time student).

Question: We understand that the Office of Tax Analysis in the Department of the Treasury estimates that the revenue loss for the proposed Education Savings Accounts would be $35 million in FY 1987 but the loss of revenue by the fifth year of implementation would be approximately $750 million in the year 1991.

Interestingly, 1991 is also the final year of the Gramm-Rudman-Hollings balanced budget plan such that there would be a zero deficit.

Now, my question to you is how are you proposing that we make up the difference in this significant loss of revenue?

Answer: Under the direction of the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings), the Administration has proposed a fiscal year 1987 budget which includes an estimate of 1986-91 revenues and expenditures, and which meets specified deficit reduction requirements for all of those years. Our proposals for satisfying the law's requirements were developed on the basis of carefully planned and balanced income estimates, program priorities, and spending requests, and our planning considered fully the estimated ESA tax revenue loss.

In some instances and for some purposes, we think that "tax expenditures" (i.e., revenue loss attributable to special provisions of tax law) can support high-priority Federal objectives better than direct budgetary expenditures. That is our view with respect to ESAs because we think they hold great promise of helping to restore the traditional emphasis on the responsibilities of parents and students for financing college costs.

Question: Do you envision that savings can be made in other student aid programs as a result of these Accounts?

Answer: Yes. The family savings that would be encouraged under our ESA proposal has significant implications for future-year student aid costs. Under the Administration's proposal, it is estimated that several billion dollars per year may be invested by families in ESAs--savings that subsequently would become available for meeting postsecondary education costs on a self-help basis.

Question: Under this proposal, what would one's adjusted gross income level have to be before one would be ineligible to receive this tax break?

Answer: Under our proposal, the family income cut-off for ESA eligibility would effectively be $60,000. Specifically, the $1,000 maximum ESA savings contribution per child per year would be decreased by five cents for each one dollar that a family's adjusted gross income exceeded $40,000 in the prior year--thereby, phasing out eligibility between $40,000 and $60,000.

Question: What happens to those students whose families earn just slightly more than $24,300 but do not have any disposable income to put into a tax free savings account?

Answer: First of all, we think that most "middle-income" families would be easily capable of investing in ESAs. We are not proposing that there be a minimum annual or aggregate contribution, and so even very small weekly or monthly savings could accumulate to sizable amounts. And a family could realistically expect even modest savings contributions to help significantly in financing a child's higher education. For example, based on annual savings contributions of $1,000 (which is the proposed maximum, requiring only $19 to be saved weekly), a family could expect to have over $40,000 accumulated in 18 years--assuming eight percent interest compounded monthly. Of that $40,000, only $18,000 would have been contributed directly by the family, with the other $22,000 having accumulated as untaxed interest or dividends.

Moreover, under our student aid proposals, middle to higher-income families not qualifying for Pell Grants or other need-based grant, work-study, or loan assistance could turn to the unsubsidized PLUS loan program. Sizable amounts of aid are expected to be made available under this program to students and families at all income levels.

Question: Aren't the true middle income families getting squeezed out of either Pells or a savings account?

Answer: In order to focus limited Federal funds on the neediest students and in the spirit of restoring the traditional role of the family in financing postsecondary education, our student aid proposals would effectively restrict Pell Grant assistance to the lower end of the family income spectrum. However, while students from families above a certain income level would--in general--no longer qualify for Pell Grants, we certainly do not think they would be "squeezed out" of federally assisted student aid altogether. As mentioned in response to the Subcommittee's previous question, nearly any student or family would still qualify for PLUS loan assistance. Sizable amounts of aid are expected to be available under this program.

Moreover, middle-income families certainly wouldn't be squeezed out of ESA participation. Under our plan, families with up to $60,000 in income would be eligible to save for their children's higher education on a tax-sheltered basis. A substantial portion of the Nation's middle-income families would qualify under this income criterion.

QUESTIONS SUBMITTED BY SENATOR MARK ANDREWS

TRIO

Question: Each year the Administration proposes drastic reductions in funding for the TRIO programs. This year, the budget request is no different and this is--I should point out--in conflict with your rhetoric that one of your primary objectives is to ensure education programs geared to the poor and disadvantaged remain alive and well.

Don't the TRIO programs provide an excellent example of efforts to keep the doors to higher education open for poor and disadvantaged students?

Answer: The Special Programs for the Disadvantaged (commonly known as TRIO) have provided a good model for assuring that disadvantaged students have access to higher education. Unlike the period in which these programs were established, many of the services provided by the programs are now routinely provided by secondary schools, colleges and universities, and other organizations. While some of these organizations receive support from the Special Programs, a large number provide these services without such support. Many of those organizations which do receive support continue to receive it year after year because of the way these programs are structured. As a result, those organizations which do not receive support lack access to the Federal funds they need to initiate or expand services.

For this reason, our policy is to re-orient these programs from long-term operational support to short-term support designed to encourage organizations to begin providing services and continuing to provide them with their own resources.

Question: If so, why have you proposed a 54 percent cut to funding for these programs?

Answer: By moving from long-term support which pays for the operation of projects to short-term support which stimulates educational institutions and other organizations to provide services to students, more disadvantaged individuals will be able to be served. This, we believe, can be done at a far lower cost to the Federal Government.

Question: How many students are currently served under TRIO?

Answer: With the funds appropriated for 1985, a total of 488,500 students are being served in the 1985-86 school year.

Question: Going with your proposed funding level, how many students do you estimate will continue to be served?

Answer: Under our fiscal year 1987 request, a total of 275,000 students will be served by programs receiving Federal funds. We expect that most of the projects currently receiving support will continue to provide services even if Federal funding is withdrawn, resulting in little reduction in the number of students served.

Question: You are also proposing several legislative changes that would result in considerable re-vamping of TRIO. Studies have clearly indicated the programs' effectiveness. Why then do you deem it necessary to change something that is working so well?

Answer: The current TRIO programs are highly structured with educational institutions and other organizations having little flexibility in deviating from the federally-prescribed model.

We believe that this is neither appropriate nor cost-effective. Under our proposal, institutions and organizations applying for grants would have the flexibility to design the services to meet the specific educational needs of the disadvantaged in their area.

Questions Submitted by Senator Arlen Specter

CARL PERKINS SCHOLARSHIP PROGRAM

Question: What information have you given the States on the Carl Perkins Scholarship program?

Answer: Shortly after the Congress failed to act on our rescission request for this program, we sent a letter to all the governors advising them what steps would be necessary to implement the program in their States this September.

Question: What is your target date for selection of scholarship recipients?

Answer: The individual States will be responsible for selecting scholarship recipients. The Department's timetable currently calls for having the States submit applications early this summer, and making the awards by the end of August.

QUESTIONS SUBMITTED BY SENATOR QUENTIN BURDICK

TRIO

Question: The TRIO programs--Educational Opportunity Centers, Special Services for Disadvantaged Students, Talent Search, Upward Bound, and training for TRIO staffs--are extremely beneficial to North Dakota students. As you know, two-thirds of the students in TRIO programs come from families where the total taxable income is less than 150 percent of poverty level and where neither parent has graduated from college.

If the Administration is truly committed, as you say in your statement, to "provide equal opportunity for a postsecondary education," why have you proposed funding the TRIO programs at 54 percent below the fiscal year 1986 level, and rescinding fiscal year 1986 funding down from $174.9 million to $82.4 million?

Answer: We believe that our fiscal year 1986 budget policy does continue to provide assistance in equalizing educational opportunities for the disadvantaged. This is done through three kinds of programs, the Special Programs being just one of them. So, the proposed reductions in funding for these programs should not be considered in isolation but considered in combination with the other programs serving postsecondary students.

First, we have proposed significant support for student financial aid. These programs form the basis of the Federal effort to equalize educational opportunity. Without these programs, disadvantaged students would lack access to higher education. We have proposed a number of program changes in student financial aid in order to maintain the integrity of these important programs. These changes include tightening eligibility for student aid including Guaranteed Student Loans in order to assure that Federal tax dollars invested in these programs are appropriately spent. By making these changes, public confidence in these programs, which is critical to the long-term survival of these programs, will be assured.

In addition, we have proposed continued support for aid for developing institutions. These programs are designed to strengthen institutions of higher education that enroll a high percentage of low-income students and which lack the financial resources necessary to continue to provide quality programs. Under our proposals, these programs would be directed to strengthening the financial base of these institutions. By strengthening the financial base, we will be able to assure that the institutions survive so that they can continue to serve the needs of low-income students.

Finally, we propose to continue to provide support for programs which will meet the needs of disadvantaged students. As noted in your question, Federal funding for these programs would be reduced substantially. Our policy is to move from long-term support for disadvantaged students through projects wholely funded by the Federal Government to short-term support designed to stimulate institutions and organizations to provide services. This will enable us to increase the reach of the Federal programs by increasing the number of institutions and organizations which provide services to low-income students.

We believe that if these policies were adopted, the Federal Government, in partnership with schools, institutions of higher education, and others, will be better able to meet the educational needs of low-income students.

Question: Has the Department projected how many students would no longer be served under these programs if the proposed changes were enacted?

Answer: We estimate that 218,000 fewer students would be served in fiscal year 1987 by projects supported with Federal funds if our proposals were adopted. We expect, however, that most of the projects currently receiving support will continue to provide services even if Federal funding is withdrawn.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

HIGHER EDUCATION FACILITIES LOANS AND INSURANCE

ORIGINAL BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Higher Education Facilities Loans and Insurance was for $19.205 million in budget authority, but no new loan authority--proposing to pay only for operating costs associated with the existing loan portfolio and to finance some of those costs with loan repayments and other program income. The final President's Budget, which was transmitted in February 1986, maintained this budget authority level as well as the zero loan authority request, but also reflected further savings in the "out-years" through substantial loan sales to help meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

ONGOING NEED FOR LOANS

Question: What data do you have, or plan to collect, that is directly relevant to the ongoing need for loans under the Higher Education Facilities Loans and Insurance program?

Answer: Some of the data that we collect and/or substantively analyze on our own, and that are very relevant to the program here, are data on college and university enrollments. Enrollment demographics bear directly and importantly on institutional need for academic facilities. Some of these data are collected by our own Center for Education Statistics, and some are collected by the Bureau of the Census of the Department of Commerce.

For example, through this data collection, we know that full-time postsecondary enrollments have been basically steady over recent years and are now expected to begin declining. Actually, large numbers of individual institutions have already seen their enrollments start to dwindle--with more than a third of all schools reporting declines of significant size over the past few years.

We have no immediate plans to carry out directly an assessment of college and university academic facilities. We are, however, well-aware of the many privately conducted studies and do not dispute their general finding of accumulated deferred maintenance needs and obsolescence of scientific laboratories and equipment. Our position, though, is that the responsibility for meeting these needs lies primarily with the institutions themselves and State and local governments. Where there is a limited Federal interest in certain scientific facilities, other more appropriate Federal agencies provide considerable support and will continue to do so. With regard to the role of State and local governments and the institutions themselves, we know that the financial condition and strength of these levels of government and of colleges and universities is much-improved over recent years (as is, too, the condition of the private capital markets and the cost of capital for financing construction projects). Improved institutional finances are well-documented by the Department's own higher education survey information and the financial condition of State and local governments and the private capital markets as well as the cost of construction capital are all matters of record in public finance reports.

Question: Do you have statistical information by region, State, or institution on the condition and adequacy of academic facilities?

Answer: No, we do not. The data provided through our surveys and studies are not detailed enough to address questions of regional, State, and institutional differences in enrollment circumstances. However, they do indicate the substantial lack of an overall national need. Where there are localized shortages of classroom space and other academic facilities, we think that is a State, local, and institutional responsibility.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

HIGHER EDUCATION FACILITIES LOANS--CREDIT MANAGEMENT

Question: The justifications indicate that a credit management improvement plan was developed and first implemented four years ago under the Higher Education Facilities Loans and Insurance Program. This program is more than 20 years old, isn't it?

Answer: In terms of legislative authority, the Higher Education Facilities Loan program is 23 years old--having been originally authorized under Title III of the Higher Education Facilities Act of 1963. Funds were not appropriated, though, until fiscal year 1965, and so operationally, this construction loan program is 21 years old. The program has since been reauthorized and re-established in Title VII-C of the Higher Education Act by the Education Amendments of 1972, 1976, and 1980. However, with the exception of a few isolated years of relatively small and special-purpose loan authority, the Congress has not generally supported new loans since 1969.

Question: Do you have any idea why it's taken so long to put such a plan in place?

Answer: The "credit management improvement plan" referred to in the Department's budget justification for this program is really part of a broad management initiative to focus renewed and special attention on debts owed to the Federal Government--thereby, maximizing collections. This effort was initiated by the Administration a few years ago along with a number of other management reform plans.

It is not that the Department was not diligently managing and collecting on these loans in years previous to the improvement plan; rather, it is simply that collection activities were not then part of a formally structured, Federal Government-wide plan.

In any event, the credit management improvement plan is now a continuing project that serves each year to focus serious and creative attention on administration and collection of institutional debt under this program.

Question: Last year, you reported that 42 schools were in default under the program. How has the picture changed any over the past year?

Answer: At present, only 30 of this program's loans are in default (32 having been in default as recently as the close of fiscal year 1985, and--as pointed out in the Subcommittee's question--42 having been in default about a year ago). These loans represent only about eight percent of the program's outstanding principal volume on 567 individual loan issues remaining in the portfolio.

More important, though, is that "workout" agreements have been negotiated for all but eight of the defaulted loans. A workout is a special repayment plan designed to deal with financial difficulties that a defaulting institutional borrower may be experiencing, while still bringing its loan back on schedule as soon as possible--generally within two years. Under these workout agreements, substantial volumes of previously defaulted loans are converted each year to current status (i.e., delinquencies are paid up and the loans are brought back on schedule).

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

COLLEGE HOUSING LOANS

ORIGINAL BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for College Housing Loans was for no budget authority and no new loan authority--proposing to pay only for operating costs associated with the existing loan portfolio and to finance those costs with loan repayments and other program income. The final President's Budget, which was transmitted in February 1986, maintained the zero budget authority and loan authority levels, but also reflected further savings through substantial loan sales to help meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

ONGOING NEED FOR LOANS

Question: What data do you have, or plan to collect, that is directly relevant to the ongoing need for College Housing Loans?

Answer: Some of the data that we collect and/or substantively analyze on our own, and that are very relevant to the program here, are data on college and university enrollments. Enrollment demographics bear directly and importantly on institutional need for student housing. Some of these data are collected by our own Center for Education Statistics, and some are collected by the Bureau of the Census of the Department of Commerce.

For example, through this data collection, we know that full-time postsecondary enrollments have been basically steady over recent years and are now expected to begin declining. Actually, many individual institutions have already seen their enrollments start to dwindle--with more than a third of all schools reporting declines of significant size over the past few years.

More important is that the demographics of the college population are continuing to change in ways that even more so lessen the demand for on-campus housing. Increasingly, college classrooms are being filled by older students and by part-time students (both young and old). For example, whereas in 1970, less than 28 percent of all college students were 25 years old or older, by 1982, 39 percent were in this age bracket, and it is projected that this will increase to nearly 49 percent by 1992. Somewhat similarly, the proportion of part-time students is expected to increase from about 32 percent to 48 percent over this same period. The significance of these demographic changes is that older, non-traditional, and part-time students do not typically live on-campus. As a result, the relative demand for housing space can be expected to decrease as these students grow to represent an even larger proportion of the college population.

In addition to ongoing data collection on broad enrollment demographics, the Department derives other relevant data through periodic sponsorship of education policy studies--such as those carried out by the Higher Education Panel of the American Council on Education. For example, the 1982 report "An Assessment of College Student Housing and Physical Plant" concluded that only one percent of resident college students were being housed in "substandard" facilities.

We have no immediate plans to carry out directly another assessment of college and university housing facilities. We are, however, well-aware of the many privately conducted studies and do not dispute their general finding of accumulated deferred maintenance needs. Our position, though, is that the responsibility for meeting these needs lies with the institutions themselves and State and local governments. In this regard, we know that the financial condition and strength of these levels of government and of colleges and universities is much-improved over recent years (as is, too, the condition of the private capital markets and the cost of capital for financing construction projects). Improved institutional finances are well-documented by the Department's own higher education survey information and the financial condition of State and local governments and the private capital markets as well as the cost of construction capital are all matters of record in public finance reports.

Question: Besides national enrollment figures and the Department's "belief" that this program is not needed, do you have any statistical information by region, State, or institution on the condition and adequacy of current college housing?

Answer: As indicated in response to the Subcommittee's previous question, our 1982-sponsored report "An Assessment of College Student Housing and Physical Plant" did look at the condition of college housing facilities and found them to be largely adequate. Specifically, the study found that while the occupancy rate for student housing was quite high overall, it did not--in the aggregate--exceed design capacity. In addition, the study concluded that only one percent of students living in institutionally controlled housing were in "substandard" quarters.

Although the data provided through our surveys and studies are not detailed enough to address questions of regional, State, and institutional differences in enrollment and housing circumstances, they do indicate the substantial lack of an overall national need. Where there are localized shortages of student housing, we think that is definitely a State, local, and institutional responsibility.

Question: What is the total volume of the housing loans requested by institutions under this program?

Answer: There were 145 applications in fiscal year 1985 requesting a total of $309.6 million in College Housing loans--some for housing construction (both new construction and renovation) and some for energy conservation rehabilitation.

Question: How many of these institutions appear to be qualified for such loans?

Answer: Presuming that "qualified" simply means eligible for loan assistance under this program, all but five institutional applicants in fiscal year 1985 met that definition. This simply means, however, that the vast majority of institutions were legally eligible entities and submitted project applications for allowable and approvable construction or renovation projects.

Question: What percentage are you able to fund?

Answer: With the $40 million made available for new loan awards in fiscal year 1985, the Department made commitments to 26 institutions of higher education (representing 18 percent of the applicant institutions and 13 percent of the total loan amount requested).

PREPAYMENT PROVISION

Question: What success have you had under the College Housing Loans provision for discounting loans in exchange for prepayment?

Answer: We have had a great deal of success with institutions prepaying their College Housing loans in exchange for a discount on the principal balance. This initiative, first authorized for fiscal year 1984, provides borrowers with an opportunity to extinguish substantial debt burden, while simultaneously enabling the Department to terminate these highly and expensively subsidized loans.

The following table shows the number of individual loan issues prepaid (some institutions holding a number of separate issues for the same or related projects) and the dollar amount of discounted prepayments in 1984 and 1985:

PREPAID COLLEGE HOUSING LOAN ISSUES

Fiscal Year	Number of Loans Prepaid	Dollars Prepaid
1984	384	$169.2 million
1985	300	129.4 million
Total	684	298.6 million

The large volume of loan prepayments taken in over these two years was applied toward retirement of a portion of the program's outstanding debt--that debt being borrowings through Government National Mortgage Association (GNMA) sales of participations in the loan portfolio and direct Treasury borrowings. Over $362 million was transferred in fiscal years 1984 and 1985 to GNMA trust funds in preparation for retirement of the GNMA debt in 1987 and 1988, and $62 million was repaid in Treasury borrowings in 1985--the first such repayment since 1979, and only the second Treasury repayment in the program's 36-year history.

Question: Are you planning to continue the prepayment provision during fiscal year 1987?

Answer: Yes, we are requesting extension of the prepayment discounting authority through fiscal year 1991.

Question: If so, will this provision be made by changing the statute or do you plan for the Appropriations Committee to make this statutory change once again?

Answer: With regard to loan discounting, because we are requesting substantive revision of the program statute, we have asked that action be taken by the authorizing committees. Specifically, our request was included among the Department's Higher Education Act (HEA) reauthorization proposals transmitted to the Congress on April 7 of this year, and under which authority for managing and servicing this loan portfolio would be transferred from the Housing Act of 1950 to the Higher Education Act.

In addition to extension of prepayment discounting, we are requesting that the authority be revised to prohibit prepayments from being made with the proceeds of tax-exempt obligations and to limit prepayment discounts to loans that have been outstanding for at least five years. The Department has already regulated the discount authority in these ways, but our legislative proposal--if enacted by the Congress--would serve to ratify our administrative policy.

In the event that the Congress does not complete action on Higher Education Act reauthorization in a timely manner, we have also requested of the appropriations committees a simple one-year extension of the current law loan discounting authority.

AMORTIZATION OF DEBT

Question: What is the College Housing Loans schedule for redeeming, or amortizing, the outstanding debt of its revolving fund that is owed to the Treasury and the Government National Mortgage Association?

Answer: The Department's borrowing debt on GNMA sales of participations in the College Housing Loan portfolio has already been fully amortized. As such, we are planning no further fund transfers at all toward this liability.

Specifically, $451.504 million had already been transferred to GNMA trust funds by the close of fiscal year 1985--the entire amount needed to retire all outstanding certificates of participation. Not only is this cash on deposit sufficient to effect full and timely principal redemption of the certificates, but income earned on investment of this cash will be sufficient over the years remaining to certificate maturity to pay their interest costs.

With respect to the schedule for certificate redemptions, in 1987, $4.698 million of the participations will mature, and we plan to redeem them at that time out of existing GNMA cash deposits. The remaining $446.806 million in outstanding certificates will mature the following year, and we also plan to redeem them on schedule with existing GNMA trust fund holdings.

Concerning the program's Treasury borrowings, if the Congress approves our budget request to terminate new loan authority beginning with the 1986 fiscal year, and also enacts our legislative proposal which would then permanently repeal the authority in 1987, our plans call for repaying $1.115 billion over the six fiscal year-period of 1986-91 (with single-year repayments of $41 million, $663 million, $382 million, $9 million, $10 million, and $10 million respectively during each year of that period).

In this regard (and consistent with our policy position that these housing loans are simply not needed and are certainly not a Federal priority), we are proposing to use all available resources of this program to repay the Treasury--instead of for making new loans. We think this is an especially appropriate and timely way of helping to reduce the Federal deficit.

Question: Does the Department of Education have the authority to delay indefinitely the amortization of this debt?

Answer: Because the Department already has sufficient cash on deposit in GNMA trust funds to effect timely principal redemption of all outstanding College Housing Loan participation certificates, there is no remaining principal amortization of this debt to postpone.

The Treasury debt is of indefinite term, and so it is true that our planned amortization of these borrowings could be postponed. However, we do not believe that this program's Treasury-supported loan capital--which has been provided through borrowings and not appropriations--should continue to remain outstanding indefinitely without regard to diminishing institutional need and seriously constrained Federal budgetary circumstances.

Question: If amortization were postponed for fiscal year 1987, what would be the total unobligated balance in the revolving fund?

Answer: If the Congress approves our budget request to terminate new loan authority under this program beginning with the 1986 fiscal year, the unobligated balance expected to be available in the revolving fund in fiscal year 1987 is $60.923 million, start-of-year, and $72.435 million, end-of-year. Since there is no amortization of GNMA borrowing debt still due to take place, that debt will have no further effect on the revolving fund's unobligated balance.

Question: Could this entire amount be used for additional new loan commitments?

Answer: Yes, to the extent that the Congress were to authorize new loan authority, this program's unobligated balance would be available for new loan commitments. However, in view of the serious and substantial need for deficit reduction, we think that any available funds should be repaid to the Treasury--rather than be used for new loans.

In this regard, we have proposed that new loan authority be permanently repealed and that all income and resources in excess of the amount needed to pay program operating costs be used to retire outstanding Treasury borrowing debt. This program has over $2.625 billion remaining borrowed from the Treasury--borrowings that have been used to support expensively subsidized housing loans. While, for example, the Federal Government's cost of having these borrowings outstanding in fiscal year 1986 will be approximately $328 million, interest payments by institutional borrowers will only be about $70 million--translating into a huge subsidy cost of over a quarter of a billion dollars.

It is in consideration of both this subsidy cost and the several factors most relevant to the need for college housing assistance (or rather, the lack of need, as we think the current situation happens to be) that we are proposing termination of loan authority. Namely, those factors are (1) the generally adequate availability and condition of housing and student service facilities, (2) declining college and university enrollments--in particular, the even more dramatically declining numbers of "traditional" students who more typically require on-campus housing, and (3) the generally healthy condition and resource capacity of the private capital markets for meeting what borrowing need does exist.

In sum, we think that in light of what we are asking others to sacrifice to help reduce the Federal deficit, this program's enormous construction subsidy cannot be justified.

Questions Submitted by the Subcommittee

STUDENT FINANCIAL ASSISTANCE

ORIGINAL BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Student Financial Assistance was $3,656 million. The final President's Budget of $3,813 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation, but included an additional appropriation to meet prior year's shortfalls in the Pell Grant program.

GENERAL REDUCTIONS

Question: Your budget documents state that the current Federal student aid programs continue to be inadequately focused on need, unnecessarily subject to error and abuse and unnecessarily costly to the taxpayer.

On what do you base such statements?

Answer: The student aid programs are open-ended and unduly subject to abuse. During the 1970's, eligibility was expanded to encompass non-degree seeking students, part-time students, and even non-high school graduates. The number of students claiming "independence" of parental support increased dramatically. Under current program rules, a freshman can receive about $13,000 per year in highly subsidized financial assistance from Education Department programs--far more than is needed to meet tuition, room and board, books and supply costs at the average public or private four-year college. As Pell Grants have become available to students from higher income families, "campus-based" Federal aid has been directed toward increasingly higher income students and non-Federal sources of student aid have, in turn, been "freed-up" for even higher income students. Abuse in the rapidly growing student aid programs has been documented by a recent General Accounting Office study of proprietary institutions and by several quality control studies sponsored by the Department.

Question: Are you aware of a recent public opinion poll which found that a majority of Americans (79 percent) oppose reductions in the current student loan programs?

Answer: While most Americans generally support funding for student loan programs, we are certain that these same taxpayers are not in favor of continuing the unnecessary subsidization of the Guaranteed Student Loan (GSL) program, nor do they favor continuing abuse of the program by students who borrow beyond their real need, or who default on their loans. Most of our proposed reductions in GSL funding would result from legislative changes to make program improvements to address these problems.

In addition to improvements in the GSL program, our proposals include a new Income-Contingent Loan program, which will substantially increase borrowing limits over what is possible under the current GSL and National Direct Student Loan programs. Undergraduates could borrow up to $4,500 per year, and graduate students up to $10,000 per year, while repayments would be eased by basing them on the borrower's annual income.

PELL GRANTS AND CHOICE

Question: What is the current participation rate in the Pell Grant program by control of institution--i.e., public vs. private, non-profit and for-profit?

Answer: The table below reflects the current participation rate by type of institution.

Award Year	Recipients at Public Institutions	Recipients at Private Non-Profit Institutions	Recipients at Private For-Profit Institutions	Total
1984-85	1,721,477 (60.88%)	554,880 (19.62%)	551,418 (19.50%)	2,827,775

Question: In your view, which institutions would benefit most from the current Pell Grant formula, i.e., $2,100 maximum, 60 percent cost limitation?

Answer: The current methodology for determining Pell Grant awards benefits institutions with costs of $3,500 or greater. For example, a student with an expected family contribution of zero attending an institution costing $3,600 would receive the maximum Pell Grant of $2,100. If that same student went to an institution with costs of $2,000, he/she would be eligible for only a $1,200 Pell Grant.

Question: Do you anticipate any shift in the type of institutions that would be attended by students, if your "self-help" proposal were accepted?

Answer: We do not expect any shift in the type of institutions attended by students as a result of our "self-help" proposal. The proposal basically formalizes a common institutional practice of including a self-help contribution when developing a "package" of aid for a needy student. Since this is not a new concept, we do not anticipate any changes in college attendance patterns as a result of this proposal.

Question: Last year, former Assistant Secretary for Postsecondary Education Elmendorf stated that the Federal Government should provide access to an institution but does not necessarily have to guarantee a student's choice of institution.

Do you agree with that statement?

Answer: The Federal Government should ensure access and a reasonable measure of choice, but not necessarily guarantee the choice of any institution. In our 1987 budget request, we are proposing an Income-Contingent Loan program which would enhance institutional choice at the undergraduate and graduate levels by authorizing substantially higher award levels than are permitted under current law. Students who decide to attend a higher cost institution can also finance the additional costs through either the Guaranteed Student Loan program or the PLUS program.

PELL SHORTFALL

Question: For the fiscal year 1985-86 academic year, the Committee has received information that the Department may have overestimated funding needs for Pell Grants.

How much has been spent thus far in the Pell Grant program for academic year 1985-1986?

Answer: As of the period ending March 31, 1986, the Department has obligated $3,193,431,000 for making Pell Grant awards during the 1985-86 award period. This represents 85 percent of the current estimate of the fiscal year 1985-86 program and 88 percent of the appropriation.

Question: What are the chances that there might be a surplus in the range of $100 million to $200 million that could be used to lower program assumptions for fiscal year 1986 for which there is a significant shortfall?

Answer: Recent information on Pell Grant program activity does not support the argument that the program will have a $100 million to $200 million surplus by the end of the 1985-86 award period. The Department still supports its estimate of total program costs of $3.764 billion for the 1985-86 award period.

PELL GRANTS

Question: The amount originally appropriated for Pell Grants (pre-Gramm-Rudman) in fiscal year 1986 was close to the Department's estimate of full funding based on a maximum award of $2,100 for the neediest students to pay up to 60 percent of the cost of education.

Now we find out that the Department's estimates were way off. In addition to the Gramm-Rudman cuts of $154 million, Pell Grants are actually "short" by another $215 million for a total shortfall of approximately $370 million for academic year 1986-87.

What accounts for the Department's significant under-estimation of Pell Grants program costs?

Answer: Last year the Department updated its cost estimation model for the Pell Grant program twice. Each of these updates took into account revised economic factors provided by the Office of Management and Budget, estimates of college costs and enrollments, and the most recent applicant and recipient information extracted from the Pell Grant program data base. This includes information from the most recent award period.

Estimates of Pell Grant costs for the 1986-87 award period were first completed on February 20, 1985. In addition to incorporating the traditional types of information in this update (i.e., recent economic factors, college cost and enrollment information) actual applicant and award information from the 1984-85 award period was also included. However, information from the 1985-86 applicant and award period (which began on February 15, 1985) was not available for inclusion in this update. Thus, the Department was not aware of any precipitous increases in applicant participation for the 1985-86 award period at the time of this update. Full-funding a maximum award of $2,100 up to 60 percent of educational costs was estimated at $3,659,000,000, providing average awards of $1,285 to 2,835,000 students.

The Department updated its Pell Grant applicant-based model on December 9, 1985. This update again included the traditional information normally included in all updates. However, at the time of this update, the Department had available actual application information from the 1985-86 award period. This information indicated that student participation in the Pell Grant program was higher than anticipated with a particular increase in independent students. Since independent students traditionally qualify for higher awards, the costs associated with the program during the 1986-87 award period would be greater than the February 20 estimate.

The December 9, 1985 revised estimate for the 1986-87 award period is $3,802,000,000 based on a $2,100 maximum grant covering up to 60 percent of educational costs. $3,802,000,000 would provide 2,958,000 students with average awards of $1,296. This revised estimate is approximately $143 million higher than our February 20, 1985 estimate of $3,659 million and $214 million more than the fiscal year 1986 appropriation of $3,588.

I should also note that CBO estimated Pell Grant costs at a similar level last year. CBO updated its model in February 1986 and is within $31,000,000 of the Department's current estimate.

Question: What will be the effect of this shortfall on eligible students?

Answer: The Department intends to use "linear reduction" provided for in the statute when funds are insufficient to meet anticipated program activity. This will result in the elimination of approximately 290,000 students from eligibility for Pell Grant funds during the 1986-87 award period.

Question: Are you planning to apply the so-called "linear reductions" provided for in the statute when Pell funding is not sufficient?

Answer: The Department is proposing to maintain fiscal year 1986 Pell Grant funding at the post-sequestration level of $3,434 million. However, because full funding of this award policy under current law is estimated to cost about $3,802 million, the Department does plan to implement the "linear" award reduction provisions provided for in the Higher Education Act in order to achieve the needed savings of approximately $368 million.

Question: If so, how many students would be eliminated from the program?

Answer: Under the statutory award reduction procedures of "linear reduction," the awards of the neediest students would be fully protected while other students' awards would be reduced or eliminated completely. The number of students receiving awards would be reduced from 2,958,000 to 2,668,000 or by 290,000.

Question: How many would have their awards reduced?

Answer: Under the statutory award reduction procedures of "linear reduction", approximately 768,000 students would have their Pell Grant awards reduced from the full funding level.

Question: In addition to the fiscal year 1986 shortfall in the Pell Grant, how much of a shortfall are we carrying from previous years? Isn't it something like $490 million?

Answer: The cumulative Pell Grant deficit related to funding shortfalls over the last four years now totals approximately $490 million. The Department's fiscal year 1987 budget request for Pell Grants includes $250 million which would be earmarked to cover about half of the cumulative deficit. The remaining shortfall would be funded under the fiscal year 1988 request.

Question: What are you doing to improve projected Pell Grant cost estimates from year to year?

Answer: The Department has taken measures to improve upon our cost estimation procedures for the Pell Grant program. These include better monitoring of the current year's activity, more recent updates of the Pell Grant cost estimation model, and trend analysis using historical program data.

We feel that our current estimate of program costs for the 1986-87 award year of $3,802 million at full funding is reliable and accurate. This estimate is very similar to the Congressional Budget Office's current estimate at full funding for fiscal year 1986 of $3,771 million. In fact, CBO's estimate is only $31 million lower than our current estimate, a difference of less than one percent.

Question: Your fiscal year 1987 request for Pell Grants for academic year 1987-1988 is $3 billion.

But how much is actually needed to fully fund the Pell Grant program if the maximum award continues to be $2,100 for the neediest students to cover up to 60 percent of college costs?

Answer: Our fiscal year 1987 proposal includes a $2,100 maximum award up to 60 percent of educational costs. $3 billion fully funds this policy. Savings over current law costs are achieved through the stricter independent student definition and policies which restore the traditional emphasis on the family for financing postsecondary education. Were the current law Pell Grant program extended into fiscal year 1987, we currently estimate it would cost $3,841,000.

PELLS AND COLLEGE COSTS

Question: Before proposing further reductions in Pell Grants, did you analyze the extent to which both the average and maximum Pell Grant awards are keeping pace with escalating college costs?

Answer: The average and maximum Pell Grant awards are not designed to parallel or reflect rising college costs. Many considerations are examined in developing the budget for the Pell Grant program: (1) restore the traditional emphasis on parent and student responsibility for financing postsecondary education costs; (2) target available aid to the neediest students; and (3) reduce or eliminate highly-subsidized Federal aid to students from higher income families. These criteria are used to develop the provisions of the Pell Grant program--including the maximum and average award.

While maintaining Pell Grant eligibility for the neediest students and retaining a $2,100 maximum award, we have been able to keep the full funding cost to $3 billion in 1987. In addition, our 1987 proposal would increase the average award by more than $100.

Question: On the average, how much are college costs increasing each year?

Answer: Over the last four years (1981-1985), the cost of attending a public college or university increased by an annual average of 9 percent. Over the same period, the cost of attending a private college or university increased by an average of 11.2 percent.

Question: Do you agree that Pells have not kept up with the rate of college cost increases, which in some years exceeds the inflation rate?

Answer: We agree that Pell Grant awards have not increased at the same rate as the increases in college costs. We do not believe, however, that Pell Grants should parallel increases in college costs. If Pell Grant increases were designed to reflect the rise in college costs, institutions would be stimulated to increase costs even higher than currently.

Recent improvements in the economy have slowed inflation and kept the rate of change in the consumer price index below four percent for each of the last four years. This improvement has helped to contain the cost of operating a college and university. These savings, however, have not been passed on to the student consumer. Instead, the cost of attending a college or university has risen at almost twice the level of inflation each year.

WORK-STUDY/SEOG MERGER

Question: Last year you came to us requesting $850 million in budget authority for your proposed merger of the Work-Study and Supplemental Educational Opportunity Grant programs; this year you are requesting $400 million for essentially the same proposal.

What has changed from last year to warrant a more than 50 percent cut?

Answer: Student financial assistance proposals for individual programs are made within the context of our proposals for all student aid programs. Last year our emphasis on a work/grant program was rejected by the Congress. At the same time our request to eliminate funding for the Direct Loan program was also rejected. This year, therefore, we reexamined our proposals and designed what we thought would be a more acceptable proposal.

Our 1987 budget includes a proposal for a restructured Direct Loan program which would reduce unmanageable loan burdens on students yet at a level less costly to the Federal Government. This is our Income-Contingent Loan proposal. However, to propose funding for this program other reductions had to be reviewed. Our Work-Study/Grant consolidation was a candidate for less funding because we thought that the efficiencies captured by its consolidation would help compensate for its reduced funding. These programs working together and campus-administered would provide substantial aid to needy students at a reasonable cost to the Federal Government.

NON-DIPLOMA RECIPIENTS FOR STUDENT AID

Question: This year's budget proposes to end eligibility for student aid to those who do not have a high school diploma but who are currently eligible to receive it due to their "ability to benefit" from, for example, attending a trade or technical school which teaches a skill for gainful employment.

Can you estimate the number of Pell Grant recipients who do not have a high school diploma, but who have been admitted on the basis of their "ability to benefit"?

Answer: According to a report by the General Accounting Office (GAO) on proprietary institutions, 28 percent of the students attending these schools are admitted on the basis of "ability to benefit". Based on this information we estimate that 93,000 Pell Grant recipients do not have a high school diploma or its equivalent.

Question: What are the completion rates for postsecondary education of "ability to benefit" students as compared to diploma holders?

Answer: A study completed by the GAO in 1984 concluded on the basis of their sampling, that 61 percent of the students admitted on the basis of "ability to benefit" failed to complete their course of instruction compared to 47 percent of the students with a high school diploma or its equivalent.

Question: If there is no difference, why are you proposing a change?

Answer: We are responding to the reports and audits cited, such as the GAO report, which did find a difference in completion rates for students admitted on the basis of "ability to benefit".

Question: How much will this save in the short-run?

Answer: We estimate that, under full funding, implementation of this proposal will save $131 million in the Pell Grant program for fiscal year 1987. Savings in the Guaranteed Student Loan program would be negligible initially, but would rise over time to an estimated $20 million in fiscal year 1991.

Question: What about long-term costs?

Answer: In fiscal year 1991, we expect the savings under the Guaranteed Student Loan program to total $20 million, and a cumulative savings of $57 million for fiscal year 1987 to fiscal year 1991. In a full-funded Pell Grant program, elimination of the "ability to benefit" provision would save $136 million in fiscal year 1991, for a cumulative savings of $668 million for the reauthorization period.

INCONSISTENCIES IN BENEFITS

Question: Your budget submission for higher education assumes a number of significant statutory changes. They were not, however, submitted to the Congress in time to be considered as part of the Higher Education Act reauthorization.

One of your changes would be to eliminate from Pell Grant eligibility so-called "middle income students".

At what family income level (adjusted gross) would such students be rendered ineligible to receive a Pell Grant?

Answer: Our student aid proposals are designed to focus limited Federal funds on the neediest students and restore the traditional role of the family in financing postsecondary education. The assessment rates applied to income and assets used to determine the expected family contribution (EFC) were increased to accomplish these goals. Because of the way the EFC calculation works, there is no income cut-off level per se. However, applying the formula to a family of four with one child in college and no assets, a student from such a family would be eligible for a Pell award with a family income not exceeding $23,400. Other students whose family circumstances differ may be eligible at higher income levels or may not be eligible at lower income levels.

Question: And what is your rationale for establishing such a cut-off?

Answer: The Department has not proposed a family income cut-off for eligibility for a Pell award. The proposed formula used to determine the expected family contribution was designed to focus limited Federal funds on the neediest students. In this framework, income assessment rates were restored to pre-MISAA levels, which results in increasing family contributions from middle-income families.

Question: Do you believe, therefore, that $23,400 is a fair measure of a middle income family such that those with adjusted gross incomes in excess of $23,400 should not receive a free ride on education costs?

Answer: There is no absolute income cut-off proposal included in the Department's student aid reauthorization proposals. A family of four with one child in college and no assets would be eligible for a Pell award with income up to the $23,400 level. Students from families from other circumstances may be eligible for a Pell award with a higher income or may not be eligible at a lower income level. The Department's proposals for the Pell Grant program focus limited Federal aid on the neediest students and restore the traditional role of the family in financing postsecondary education.

INCOME-CONTINGENT LOANS

Question: Your proposal for an income-contingent program to replace the National Direct Student Loan program, coupled with more restricted Federal grant assistance implies that the neediest students would be encouraged to incur a sizable debt in order to afford a college of their choice.

Is this true?

Answer: Under the Department's fiscal year 1987 budget and legislative proposals for student aid, needy students would continue to qualify for and receive substantial grant assistance--up to 60 percent of their total cost-of-education. We think that the remaining cost can and should be financed with non-Federal aid and/or through federally-assisted "self-help" means such as loans and work-study.

In particular, when a student's educational choice is a high-cost choice, we think that the individual should accept some of the burden and cost--but the Federal Government can and should help. Principally, that is why we propose to restructure the National Direct Student Loan (NDSL) program as an Income-Contingent Loan (ICL) program.

ICLs are proposed to be available in generally larger amounts than either current law NDSLs or GSLs--both per year and in the aggregate, and most substantially at the graduate level. For the first and second academic years of undergraduate study, ICLs would be available for up to $2,500 per year, and the borrowing maximums would increase to $3,500 and $4,500 for the third and fourth years respectively, with another $4,500 available for a fifth year of undergraduate study, if necessary. Graduate-level loans would be available for up to $10,000 per year, with a life-time borrowing limit of $40,000.

An equally--if not more--important ICL feature for the borrower is that loan repayment would be income-sensitive (the borrower's payment schedule being reestablished annually on the basis of total amount borrowed and adjusted gross income). This repayment plan is intended and expected to make it possible for students to borrow greater amounts without creating unmanageable debt burden.

Question: Has the Department conducted detailed analyses of the potential impact of such a debt burden on our neediest citizens?

Answer: To some extent, yes we have. In fact, our Income-Contingent Loan proposal has been designed specifically with the debt burden of needy borrowers in mind. While borrowers would be required to pay the full interest cost of their loans (and would be authorized to borrow substantially higher amounts than under current law), repayment would be based on actual post-school income circumstances and could be extended for as long of a duration as needed to repay loan amounts at a reasonable pace--never more than 15 percent of income in any one year and taking as long as a life-time earnings career, if necessary.

For example, even given the maximum proposed lifetime borrowing under the ICL program of $40,000, monthly payments for a borrower with a $10,000 post-school income would begin at only about $153. By contrast, under a 10-year fixed-payment schedule, monthly payments of about $732 would be required to repay $40,000 in borrowings--a clearly unreasonable debt burden.

MAXIMUM AMOUNT

Question: Currently, what is the maximum a student can receive under all student financial assistance programs of the Federal Government? Isn't it something like $13,000?

Answer: Under current program rules, a freshman can receive about $15,480 per year in highly subsidized financial assistance from programs administered by the Department.

Question: Within that $13,000, how much would be from loans versus grants?

Answer: Approximately $8,500 of Federal student assistance is available through loans, $6,100 is available from grants and an average of $880 is available from the Work-Study program.

Question: Under your proposed higher education plan, what is the maximum amount a student could receive?

Answer: Under the Department's legislation to reauthorize the Higher Education Act, a freshman could receive approximately $14,700 or $780 less than under current law.

Question: How much of that would be from loans versus how much from grants?

Answer: Under the Department's reauthorization proposals, approximately $10,000 of Federal assistance would be available through loans, $4,100 would be available through grants, and an average of $600 would be available from Work-Study.

Question: Would these loans be subsidized less than those at present? How much less?

Answer: Under the Department's student aid proposals, federally assisted loans would--in general--be less subsidized than under current law. Primarily, this is because there would no longer be a full borrower subsidy on regular GSLs and NDSLs (or ICLs) during in-school, grace, and deferment periods. Under our proposed policy, though, interest accrued during these periods could be capitalized (i.e., added to the loan principal) and deferred for repayment purposes. Under current law, there is no interest return at all (neither accrued nor paid) on these loans during these periods.

In addition, the borrower interest rates under the regular GSL, PLUS, and NDSL (and ICL) programs would all be set at market-sensitive yields (but with slightly different terms and rate schedules for each program)--as opposed to the fixed rates under current law. Depending on the program and market conditions at the time a loan's interest rate is set (or re-set, as the case may be), loans under our proposed policy could turn out to be either more or less subsidized than under current law. For example, of late, the 91-day Treasury bill rate plus three percent (which is the proposed interest rate for PLUS, NDSL, and ICL loans as well as GSLs two years into the repayment period) has been about 9-10 percent. This is significantly less than the 12 percent fixed rate for PLUS loans under current law. Based on the Administration's current economic assumptions, in a few years, the 91-day Treasury bill rate plus three percent will even be less than the current law GSL interest rate of eight percent.

NATIONAL DIRECT STUDENT LOANS (NDSL)

Question: What is the default rate under the National Direct Student Loan program?

Answer: As of June 30, 1984, the NDSL institutional default rate was 8.96 percent. This excludes defaulted loans assigned to the Department for collection. The overall rate is 14.45 percent for both assigned and unassigned loans.

Question: What explains this high default rate?

Answer: We all share responsibility for the high default rate in the Direct Loan program. Students did not assume their responsibilities adequately. Many institutions failed to manage the program in a business-like manner. The Department also failed to take the necessary steps in the past to assist these institutions with sufficient training in operating the program and pursuing proper collection procedures.

Question: What has been done by the Department to encourage the reduction in the default rate?

Answer: The Department has taken a number of steps to address the default problem in the NDSL program. Institutions which are unable to collect from their borrowers are encouraged to assign the defaulted loans to the Department for collection. The Department's overall collection efforts have been improved significantly over the years, resulting in major increases in collections from defaulted borrowers. Institutions are also prevented from receiving any additional new Federal capital contributions if they fail to keep their default rates down below acceptable limits. Currently, institutions with default rates above 25 percent do not receive any new capital, and institutions with rates above 10 percent have their new capital awards reduced.

Question: Under your budget request for fiscal year 1987, the number of recipients of campus-based loans would decrease by nearly half. What alternative sources of assistance would be available for these students, if they are also ineligible for other Federal student aid programs because of the more stringent need standards?

Answer: It is the Administration's position that Federal student financial assistance should be targeted to students that have the greatest financial need. Under the Administration's Income-Contingent Loan proposal, students would be eligible to receive larger loan amounts, and would have more manageable and flexible repayment schedules to accommodate individual income circumstances after college. It is also important to remember that students may apply for PLUS and Guaranteed Student Loans.

Questions Submitted by Senator Arlen Specter

STUDENT FINANCIAL ASSISTANCE

Question: How many students will become ineligible for financial aid under the Administration's fiscal year 1987 budget proposal?

Answer: In fiscal year 1985, approximately 5,584,000 students received financial aid. It is anticipated that under the Administration's fiscal year 1987 proposal, 4,345,000 will receive financial aid.

Question: How will you prevent the financial aid proposal from adversely affecting the disadvantaged student's access to and choice of the more prestigious colleges and universities, where costs are often prohibitive?

Answer: We do not anticipate that our policies would cause any drastic enrollment changes at expensive institutions and we are committed to providing equal access for the neediest students and a reasonable opportunity for choice, but not a guarantee of full support for every student attending the college of his or her choice.

Under our proposals needy students would continue to be eligible for grant assistance. Federal grant assistance, however, would be limited to 60 percent of the total cost of education. The remainder would have to be financed either through work, loan or non-Federal grant assistance. Needy students desiring to attend high cost institutions, could apply for loan assistance through either the Guaranteed Student Loan program, PLUS program, or the new Income-Contingent Loan program.

Questions Submitted by Senator William Proxmire

WORK-STUDY/CONSOLIDATION GRANT PROGRAM

Question: The budget request would provide average awards of $600 under the proposed Work-Study/Consolidation Grant program. That's not a lot of money, Dr. Kimberling. It's about $280 below the average award estimated under the current Work-Study Program for the coming school year. What percent of educational costs are presently covered under the program?

Answer: Currently, the average costs of education at a public institution is $3,630. The current average Work-Study award of $880 would cover 24.2 percent of that cost.

Question: What percent of educational costs would be covered under the proposal?

Answer: Using the same average cost of attendance ($3,630) as above, the projected average award under our proposal would cover 16.5 percent of educational costs.

Question: Would the minimum wage law apply under the proposal as it does under the present Work-Study program?

Answer: The Administration's reauthorization proposal would waive the minimum wage requirements for awards under the Work-Study/Grant program. Wages under the consolidated program could be less than the minimum wage, but not less than 75 percent of the statutory minimum. This would protect the student-workers and yet provide additional incentives to employers to participate in the program.

Questions Submitted by Senator Quentin N. Burdick

STUDENT FINANCIAL ASSISTANCE

Question: I take issue with some of the comments you've made. You stated that, "the dramatic growth of Federal appropriations for student aid programs and the GSL program...abuses the spirit and intent of these programs as a supplement to...other sources of college financing."

What was the average cost of a college education 25 years ago?

Answer: In 1962, the average cost (tuition, fees, room and board) at a four-year public college for a resident student was $770. In the same year, the average cost of a four-year private college was $1,345.

Question: How about 10 years ago?

Answer: In 1976, the average cost (tuition, fees, room and board) at a four-year public college for a resident student was $1,797. In the same year, the average cost of a four-year private college was $3,562.

Question: Does the Department have any estimates of the cost of a four-year college education a year from now, or five, or ten?

Answer: It is difficult to project college costs in the future. Currently the cost of a resident student at a public four-year institution (tuition, fees, room and board) is projected at $3,802 in 1986-87 and at a private four-year institution, $8,875. With our current prosperity and slowed inflation, we would expect costs to rise at a much slower rate than in the past.

Question: Isn't it fair to say that the rise in Federal appropriations for student financial assistance is reflective of the rise in the cost of an education, and not indicative of an abusive reliance on financial assistance?

Answer: There does not seem to be a clear-cut relationship between Federal appropriations for student financial aid and educational costs. Prior to passage of the Higher Education Act of 1965, the Federal Government played a minimal role in meeting postsecondary education costs (excluding GI bill benefits for veterans of World War II). Even with the initial passage of the Higher Education Act, the Federal Government's involvement in supporting higher education was limited to providing access for the lowest income students.

However, during the decade of tne 1970s, appropriations for the student aid programs administered by the Department rose from $585 million in 1970 to $4.7 billion in 1979. This occurred at a time of modest college enrollment and cost increases. Again during the 1980s, Federal appropriations for the student aid programs administered by the Department continued to rise--by over 76 percent--reaching $8.96 billion in fiscal year 1985. Yet college costs rose about 10 percent a year.

It appeared that as student financial aid outstripped the rise in college costs, parents and students were able to rely more on Federal assistance than on their own resources. There were clear indications that the middle class parents who could afford to increase their contributions to educational costs were reducing their contribution.

More recent evidence suggests that parents are once more reassuming responsibilities in financing children's college costs, but it is important that this trend not be discouraged. Even today, under current program rules, a freshman can receive about $13,000 per year in highly subsidized financial assistance from the Department's programs--far more than is needed to meet the average cost of attending a public, and some private universities.

Question: Do you have data to substantiate the claim that providing financial assistance to students is an abuse of the intent and the spirit of financial assistance programs?

Answer: The Department and the General Accounting Office have both completed studies that indicate wide-spread abuse of the Federal student aid programs. For example, the Department's recently completed quality control study on the Pell Grant program found that during the 1982-83 award year approximately $326 million was awarded incorrectly to students. Included in that amount was approximately $64 million in error for students who claimed to be independent of their parents but were really dependent.

Question: With respect to the Department's entire portfolio of student financial assistance--Guaranteed Student Loans, Pell Grants, Supplemental Educational Opportunity Grants, State Student Incentive Grants, Auxiliary Loans, National Direct Student Loans, and College Work-Study--the Administration has proposed a decrease of $1.8 billion (that's 23 percent) from the fiscal year 1986 post-sequestration budget authority.

Your own estimates are that the Administration's policy recommendations would eliminate aid to more than 1.36 million students. Please tell the Committee how these recommendations fulfill the Department's commitment of making higher education more accessible to those in our society who do not have the benefit of hefty trust funds?

Answer: It is true that under the Administration's proposed legislative changes, the number of awards to students would be reduced from 8.3 million to 7.3 million or by 1 million. However, these reductions in awards would be to middle-income and higher income students and to those who would not qualify for aid under our narrower eligibility criteria--independent students and students without a high school diploma. This policy change would help to restore the traditional emphasis on student and parent responsibility for financing college costs and target Federal funds to the neediest students.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

GUARANTEED STUDENT LOAN

ORIGINAL BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to reduce the unnecessary subsidization of the Guaranteed Student Loan (GSL) program, the Department's September 1985 request to OMB for Guaranteed Student Loans was $3,220 million. The final President's Budget of $2,330 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

LEGISLATIVE CHANGES

Question: The fiscal year 1987 budget request for the Guaranteed Student Loans account assumes a number of legislative changes to the Guaranteed Student Loan program, most of which have an effective date of July 1, 1986.

Has your proposed legislation affecting these legislative changes been sent to Congress?

Answer: Yes. Our proposed legislation making substantive amendments to the student aid programs authorized under Title IV of the Higher Education Act (HEA) of 1965 was sent to Congress on March 18, 1986. Proposed legislation reauthorizing the entire HEA was sent to Congress on April 7, 1986.

Question: When do you now reasonably estimate that they might become law?

Answer: The House of Representatives passed its version of HEA reauthorization, H.R. 3700, on December 4, 1985. The Senate is expected to pass its version, S. 1965, sometime this summer. We are providing assistance in the preparation of floor amendments to S. 1965 which would bring this legislation closer in line with our own proposals.

Question: If such changes are not enacted, and since this is an entitlement program, how much more will be required for GSL's than is reflected in your request of $2.3 billion?

Answer: The current services estimate for 1987 is $3.445 billion. However, we are currently revising our estimates to reflect actual program experience in the first two quarters of 1986, and implementation of the legislative changes included in the Consolidated Omnibus Budget Reconciliation Act of 1985. We will provide the results of our re-estimation of costs to the Committee as soon as these are available.

NON-PAYMENT OF ADMINISTRATIVE COST ALLOWANCES

Question: Why have you not paid to the guarantee agencies the administrative cost allowances that they are owed for fiscal year 1985 and fiscal year 1986 despite clear direction from this Committee that the Department is to make these payments?

Answer: As a result of the 1985 and 1986 funding insufficiencies, the Department suspended all administrative cost allowance (ACA) and loan advance payments for 1985 and 1986 to conserve funds to meet mandatory program costs. We are currently in the process of revising our GSL cost-estimates for 1986 based upon legislation contained in the recently-enacted Reconciliation Act of 1985 to determine the availability of funds to pay all GSL costs, including ACAs. We will forward to the Committee the results of our re-estimates of costs as soon as the re-estimation is completed. I would like to add, however, that we continue to believe that ACA payments to guarantee agencies are not necessary, and our reauthorization proposals include the repeal of the ACA authority.

Question: When do you plan to make these fiscal year 1985 and fiscal year 1986 payments, and thus comply with the legislative intent of this Committee?

Answer: We are currently revising our GSL cost-estimates for 1986 to reflect actual program experience in the first two quarters of 1986, and implementation of the legislative changes included in the Reconciliation Act to determine the availability of funds to pay all GSL costs, including ACAs. We will forward to the Committee the results of our re-estimates of costs as soon as the re-estimation is completed. I would like to add, however, that we continue to believe that ACA payments to guarantee agencies are not necessary, and our reauthorization proposals include the repeal of the ACA authority.

DEFAULT RATES

Question: For the current law Guaranteed Student Loan account program, payments for default claims in fiscal year 1987 appear to be increasing, but so are offsetting default collections.

Would you briefly summarize why account default claims are expected to rise in fiscal year 1987 under the student loan and under the Auxiliary and Parent Loan programs?

Answer: The projected default increase reflects the increase in loan volume now entering the early years in repayment, and thus becoming subject to default, resulting from surges in new loans made since 1978. Also, borrowers in the earliest years of repayment tend to have a higher propensity to default. This propensity may result from communications problems between the schools, lenders and borrowers; misunderstandings of repayment terms; unemployment upon leaving school; inadequate lender collection efforts; or poor borrower attitudes toward debt repayment.

Increases in default claims for PLUS loans can also be attributed to increasing loan volume in this component of the GSL program. PLUS loan volume increased from $30 million in 1981 to $497 million in 1985. Although the PLUS loan net default rate remains low (1.1 percent in 1985), increasing loan volume directly results in increasing default claims.

Question: What is the default rate?

Answer: As of September 30, 1985 the lender default claims rate was 11.6 percent and the net default rate was 8.9 percent. We currently estimate that the lender's default claims rate for fiscal year 1986 will be 12.5 percent and the net default rate will be 9.5 percent.

Question: What are the principal reasons for your expectations for increased default collections?

Answer: The Department's efforts in collecting defaulted student loans, including referrals to credit bureaus, Federal employee matching referrals to private collection agencies and litigation by the Justice Department, have been extremely successful. For example, in fiscal year 1985 the Department collected approximately $87 million in defaulted GSLs, and approximately $5 million in defaulted National Direct Student Loans (NDSLs). We anticipate collections of $62 million in GSLs in 1986.

In addition, we are currently participating in a pilot project with the Internal Revenue Service (IRS) which allows the use of income tax refund offsets to collect on defaulted student loans. We expect to offset $90 million from defaulted GSL accounts, and $26 million in defaulted NDSLs in 1986.

Question: What is your current estimate of the total of GSL Student Auxiliary and Parent Loans that will be in repayment (and thus subject to default) at the start and at the end of fiscal year 1987?

Answer: Under current law, approximately $1,157 million in PLUS loans will be in repayment at the beginning of fiscal year 1987 and $1,517 million will be in repayment at the end of fiscal year 1987.

PROPOSALS AFFECTING LENDERS

Question: What changes are you proposing to the Guaranteed Student Loan program that would affect lending institutions?

Answer: The following proposed changes would affect lenders participating in the Guaranteed Student Loan program:

-- Special Allowance--Beginning with loans made for the 1986-87 academic year, the formula for special allowance on regular loans would be revised to give lenders a total fixed (instead of variable) yield equal to the average 91-day Treasury bill rate for the quarter ending March 31st prior to the award year in which a loan is made plus 3 percent while loans are in school and through the second year of repayment. No special allowance would be paid thereafter. These provisions would stabilize the special allowance rates at a constant percent of loan principal, thus separating Federal costs from credit market conditions. Beginning with loans made for the 1986-87 academic year, no special allowance would be paid on PLUS loans.

-- Multiple Disbursement--Beginning with loans made for the 1986-87 academic year, lenders would be required to disburse funds for regular loans at least twice during the award year. Payment of interest benefits and special allowance would be based on loan amounts actually disbursed. (Current law provides interest benefits and special allowance payments based on the total approved loan amounts, including undisbursed amounts.) Under these proposed changes, disbursements would correspond more closely to students' actual needs for funds over the academic year. Moreover, Federal subsidy costs would be reduced and the financial benefits to lenders would more closely reflect their actual financial obligations.

-- Lender Insurance--Loan insurance would be limited to 90 percent of unpaid principal and interest. Implementation of this proposal would require lenders to share, to a limited extent, the cost of defaults. This would encourage lenders to improve their servicing and debt collection procedures so as to minimize the incidence of default as well as promote risk-sharing.

-- Use of tax-exempt funds to make or purchase GSL or PLUS loans would be prohibited.

-- Loan Consolidation--All eligible lenders would be authorized to combine regular loans, PLUS loans and National Direct Student Loans held by a borrower into a single, consolidated loan with repayment extended up to 25 years. The borrower interest rate on consolidated loans would be set by the lender up to the prevailing 91-day Treasury bill rate plus 3 percent and could be either a fixed or variable rate. No special allowance would be paid on consolidated loans. No minimum outstanding loan amounts would be required to be eligible for consolidation. This proposal would decrease monthly borrower repayment burden, help students to manage payment of in-school interest and, possibly, decrease Federal default costs.

Question: How certain are you, that if your fiscal year 1987 GSL proposals that concern lenders were all enacted, there would not be a severe shortage of student loan capital under the GSL program?

Answer: We see no evidence that there would be a shortage of loan capital under the GSL program if our proposals were adopted.

At present, lenders find the program highly profitable. This is evidenced by the national advertising efforts undertaken by a number of major lenders and by the borrower inducements offered by many smaller lenders. Our proposals are specifically designed to reduce lender profit from these loans to more reasonable levels.

Some marginal lenders, many of which hold only a handful of loans, may choose to withdraw from the program. This would not, however, have any significant impact on the availability of loan capital.

Question: With specific regard to your proposal for lenders to absorb 10 percent of any default costs on new student loans, what makes you certain that many lenders won't "red-line" whole categories of students--such as low-income, minority, community college, or technical school students--preferring instead to make loans only to those students--such as middle income professional students--who are judged to have only the best income and employment prospects?

Answer: Our proposal is specifically written to encourage lenders to exercise due diligent collections efforts in order to prevent default claims. At present, default claims are increasing at an alarming rate. If lenders do not begin to improve collections, public confidence in and support for this program will deteriorate. A number of other Federal loan programs, including Small Business Administration loan guarantees, Export-Import Bank loans, Commodity Credit Corporation loans, and Farmers Home Administration loans, include lender co-insurance features. We believe that the Federal Government should not be in the business of making or insuring loans which will not be repaid.

There is always the possibility that lenders could "red-line" certain groups of students. This, however, would be illegal and we will exercise our responsibility in enforcing civil rights and other legal requirements. Should it appear that lenders begin to unfairly restrict their lending activity, we will seek legislation to require more accurate focusing of loan denials.

Furthermore, other elements of our budget proposals will improve the propensity of low-income students to receive loans. Our budget will focus grants and other aid on the neediest students, thus decreasing the reliance of such students on loans. Our proposal to extend the GSL need analysis requirement to include students from families with incomes below $30,000 will help eliminate borrowing by non-needy students, thus limiting GSL lenders to making loans only to those students who demonstrate financial need.

FISCAL YEAR 1987 APPROPRIATION ESTIMATE

Question: If your proposed Guaranteed Student Loan legislative changes are not enacted by the end of 1986, your budget justifications appear to indicate (page 65) a fiscal year 1987 budget authority amount of $3.46 billion for the GSL account.

To what extent does the accuracy of this $3.46 billion fiscal year 1987 estimate depend upon your receipt of the $65 million fiscal year 1986 supplemental appropriation mentioned in the justifications?

Answer: We are not seeking a supplemental at this time. Due to changing Treasury bill rates, loan volume and other factors, it is not yet clear whether or to what extent a supplemental appropriation may be needed to meet GSL program costs. Updated economic assumptions from OMB which are more in line with actual experience will affect program costs. Also, as second quarter data on loan volume, origination fees, interest subsidy billings, default costs and collections become available within the next few weeks, we will be in a better position to re-estimate program costs and determine if a supplemental is necessary or not. We will forward to the Committee the results of our cost re-estimation and our assessment of the need for a supplemental as soon as these are completed.

Question: What is the explanation for the $15 million difference between the fiscal year 1987 GSL current program budget authority estimate of $3.46 billion and the fiscal year 1987 "current services" estimate of $3.445 billion (page 89 of justifications)?

Answer: The $3.46 billion estimate reflects the fiscal year 1987 current services estimate prior to the Gramm-Rudman-Hollings sequester order of March 1, 1986. As you are probably aware, the special rules which apply to the GSL program require the reduction of special allowance payments on all loans made after the sequester, for four quarters. We project that this reduction will result in $15 million of savings in fiscal year 1987. Therefore, the post-sequestration current services estimate for 1987 is $3.445 billion.

We are currently revising our GSL cost-estimates to reflect actual program experience in the first two quarters of 1986, and implementation of the legislative changes included in the Consolidated Omnibus Reconciliation Act of 1985. We will forward to the Committee the results of our re-estimates as soon as they are completed.

CURRENT TRENDS

Question: With respect to the current law Guaranteed Student Loan account for 1987, would you briefly summarize the current trend in expenditures--when compared with three or four years ago--for the following account activities: (1) in-school interest benefits, (2) special allowance interest subsidies (before any loan origination fee offset revenue is applied), (3) loan default and other claims costs, and (4) administrative cost allowance and reserve advance payments to guarantee agencies.

Answer: The following table compares historical GSL costs with current law costs for fiscal year 1987, as shown in the President's Budget Appendix. However, these estimates will be modified to reflect the passage of the Reconciliation Act. We will provide updated estimates as soon as they are available.

HISTORICAL TRENDS IN GSL PROGRAM COSTS
($ in millions)

	1983	1984	1985	1986 Projected	1987 Projected
Interest Benefits	$1,264	$1,200 1/	$1,866	$1,720	$1,978
Special Allowance 2/	1,072	1,357	1,500	1,038 3/	1,011 3/
Default Costs	486	749	1,016	1,260	1,391
Death, Disability and Bankruptcy Costs	32	39	44	51	54
Administrative Cost Allowances	53	65	51	3	---
Loan Advances to Guarantee Agencies	16	21	59	---	---

1/ Represents actual interest benefits accrued. Origination fee receipts of $311,370,000 in 1984 were retained by lenders to offset interest benefits.

2/ Represents actual special allowance earned. Origination fee receipts of $414,300,000 in 1985, $479,107,000 projected in 1986, and $499,000,000 projected in 1987 were used to offset special allowance.

3/ Reflects a projected reduction of $4,952,000 in 1986 and $15,423,000 in 1987 in special allowance pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, P.L. 99-177.

SUBCOMMITTEE RECESS

Senator PROXMIRE. The subcommittee will stand in recess until tomorrow morning, April 17, at 10 a.m., in the same room. At that time, we will complete the Department of Education hearings on the following accounts: Bilingual education, vocational and adult education, education, research, and improvement, and libraries.

[Whereupon, at 11:08 a.m., Wednesday, April 16, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, April 17.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

THURSDAY, APRIL 17, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:05 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Andrews, Burdick, and Harkin.

DEPARTMENT OF EDUCATION

OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS

STATEMENT OF CAROL PENDAS WHITTEN, DIRECTOR

ACCOMPANIED BY:
- ANNA MARIA FARIAS, DEPUTY DIRECTOR
- SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICES, OFFICE OF PLANNING, BUDGET AND EVALUATION

PREPARED STATEMENT

Senator WEICKER. The subcommittee will come to order.

Our first account this morning will be bilingual education. Here to present the testimony is Ms. Carol Pendas Whitten, the Director of the Office of Bilingual Education and Minority Languages Affairs.

Your statement will be placed in the record in its entirety. You might want to introduce your colleagues, and then summarize your statement.

[The statement follows:]

STATEMENT OF CAROL PENDAS WHITTEN

I am pleased to appear before the Committee today to testify on the fiscal year 1987 budget requests for Bilingual Education and Immigrant Education.

The budget request for Bilingual Education demonstrates the Department's strong commitment to ensuring that limited English proficient children are provided the special instructional services they need to prepare them to participate fully in our society. Even though the Department's overall budget for 1987 has been reduced by 14 percent to meet the Gramm-Rudman-Hollings deficit reduction requirements, the request for Bilingual Education is $143 million, the same as the 1986 appropriation and $6 million more than the level after the sequester.

In keeping with Secretary Bennett's Bilingual Initiative, the top priority for the Bilingual Education program in 1987 is increasing the discretion of schools to design programs to respond to the needs of local children. Legislation was recently transmitted to the Congress to remove the 4 percent cap on funding for Special Alternative Instructional Programs and the requirement that 75 percent of funds available for Part A, Bilingual Programs, be spent for Transitional Bilingual Education projects. This will allow the Department to consider applications on the basis of quality and need without regard to the specific instructional method proposed. Appropriation language is also proposed to accomplish this goal. I believe that this policy will result in improved services for these children since parents, teachers, and local school officials are in a far better position than the Federal Government to select the appropriate instructional method.

In 1987 the Bilingual Education account will include only those activities authorized by the Bilingual Education Act. The Bilingual Vocational Training program, authorized by the Carl D. Perkins Vocational Education Act, is presented under the Vocational and Adult Education account along with the other programs administered by the Office of Vocational and Adult Education. No funds are requested for the Bilingual Vocational Training program in 1987. No funds are requested for Immigrant Education, which is displayed as a separate account. We believe that immigrant children who need special services can receive them under other Department programs such as Chapter 1, Chapter 2, and the Bilingual Education program. We are requesting a rescission of all 1986 funds for Immigrant Education.

Bilingual Programs

For Part A, Bilingual Programs, $99.3 million is requested. This is $4.3 million more than the 1986 appropriation and $8.4 million more than the 1986 level after the sequester. This request reflects the Department's belief that among the different activities authorized by the Bilingual Education Act, services for students should be the top priority. The increase for Part A will provide funding for an additional 55 projects serving 18,325 more students than in 1986. Since the authorizing statute requires that 25 percent of the Bilingual Education Act appropriation be used for Part C, Training Grants, point of order language is proposed to allow the increase in funding to go exclusively to Part A.

Of the seven Part A activities, four -- Developmental Bilingual programs, Family English Literacy, Special Populations, and Instructional Materials -- would be funded at their 1986 appropriation levels. Funding for the Academic Excellence program would decrease from $6.3 million to $5 million, reflecting the change in program priorities from operating service programs to the dissemination of successful models. As for Transitional Bilingual Education and Special Alternative Instructional programs, funding for new projects would be shared between the two activities. Applicants would be selected on the basis of quality and need, without regard to the instructional method proposed.

Support Services

Under Part B, Support Services, $10.1 million is requested, $500,000 less than the 1986 appropriation, and $51,000 less that the post-sequester level. At this level, $5 million would be distributed to State educational agencies for a variety of data collection and technical assistance activities; $600,000 would be used for the two Evaluation Assistance Centers, which help improve the quality of local project evaluations; $3.5 million would be for Studies and Evaluations; and $1 million would be for the National Clearinghouse for Bilingual Education.

Training Grants

Under Part C, Training Grants, $33.6 million is requested, the same level as the 1986 appropriation. The Educational Personnel Training Program was the only training activity reduced by the 1986 sequester. In 1987, funding for this program would be increased by $1.7 million from the sequester level, reflecting the Department's priority to train classroom teachers. Funding for the Fellowship program, which provides assistance to graduate students studying for a master's degree or doctorate, would be decreased by $240,000 since few of the fellows complete their degrees and actually provide classroom instruction. Other training activities would be funded at the 1986 appropriation levels.

Regulations

Final regulations implementing the provisions of the Educational Amendments of 1984 will be published within a few weeks. The major objectives of these regulations are to:

1) Inform local educational agencies that the Bilingual Education Act gives them substantial discretion to determine the extent of native language use in transitional bilingual education projects;

2) Expand parental involvement in the educational decisions affecting their children;

3) Increase emphasis on building local capacity to operate programs of instruction for limited English proficient persons; and

4) Ensure that limited English proficient children become proficient in English as

quickly as possible so that they can participate effectively in the regular educational program.

I am confident that our 1987 budget policy, the proposed legislation, and the regulatory changes, which together comprise the Bilingual Initiative will significantly improve educational opportunities for children who come from families where a language other than English is spoken and who are limited in their English language proficiency. Let me say once again that the Department does not favor any one instructional method in serving these students. Research and evaluation evidence clearly shows that, under different circumstances, a variety of instructional methods can be effective. We strongly believe that the choice of instructional method should be left to parents and local schools.

My colleagues and I would be happy to respond to any questions you have regarding our 1987 budget request for Bilingual Education or for Immigrant Education.

BIOGRAPHY OF CAROL PENDAS WHITTEN

BIRTHPLACE AND DATE : New York City, N.Y., December 4, 1945

EDUCATION : Barry College, Miami Shores, Florida, 1967, B.S.
Barry College, Miami Shores, Florida, 1971, M.S.

EXPERIENCE :

1985 - Present: Director, OBEMLA

1984 - 1985 : Congressional Liaison Officer, Office of Legislative Affairs, U.S. Department of Labor

1983 - 1984 : Special Assistant to the Deputy Under Secretary for Management, U.S. Department of Education

1982 - 1983 : Executive Assistant to the Acting Director, National Institute of Education, U.S. Department of Education

1980 - 1981 : Education Program Specialist, Women's Educational Equity Act Program, U.S. Department of Education

1976 - 1978 : Girls counselor, advanced Spanish teacher, Palmer Preparatory School, Miami, Florida

1971 - 1976 : Director of guidance, guidance counselor, chairman of home economics department, Immaculata-LaSalle High School, Miami, Florida

1969 - 1971 : Chairman of home economics department, advanced Spanish teacher, Madonna Academy, Hollywood, Florida

1967 - 1969 : Teacher of home economics and American history, Notre Dame Academy, Miami, Florida

LANGUAGES : Spanish (native, Cuban-American) and French

INTRODUCTION OF ASSOCIATES

Ms. WHITTEN. Thank you.

With me today is Anna Maria Farias, she is the Deputy Director of the Office of Bilingual Education, and also Sally Christensen, whom I believe you know, who is Director of our Budget Office.

I am pleased today to appear before the committee to testify on the fiscal year 1987 budget request for bilingual education and immigrant education.

The budget request for bilingual education demonstrates the Department's strong commitment to ensuring that limited English proficient children are provided the special instructional services they need to prepare them to participate fully in our society.

Even though the Department's overall budget for 1987 has been reduced by 14 percent to meet the Gramm-Rudman-Hollings deficit reduction requirements, the request for bilingual education is $143 million, the same as the 1986 appropriation and $6 million more than the level after the sequester.

In keeping with Secretary Bennett's bilingual initiative, the top priority for the Bilingual Education Program in 1987 is increasing the discretion of schools to design programs to respond to the needs of local children. Legislation was recently introduced in the Senate and in the House to remove the 4-percent cap on funding for special alternative instructional programs and the requirement that 75 percent of funds available for part A, bilingual programs, be spent for transitional bilingual education projects. This will allow the Department to consider applications on the basis of quality and need, without regard to the specific instructional method proposed.

Appropriation language is also proposed to accomplish this goal. In 1987 the "Bilingual education" account will include only those activities authorized by the Bilingual Education Act. The Bilingual Vocational Training Program, authorized by the Carl D. Perkins Vocational Education Act, is presented under the "Vocational and adult education" account, along with the other programs administered by the Office of Vocational and Adult Education.

No funds are requested for immigrant education, which is displayed as a separate account. We believe that immigrant children who need special services can receive them under other Department programs such as chapter 1, chapter 2, and the bilingual education title VII program.

For part A, bilingual programs, $99.3 million is requested. This is $4.3 million more than the 1986 appropriation and $8.4 million more than the 1986 level after the sequester. This request reflects the Department's belief that among the different activities authorized by the Bilingual Education Act, services for students should be the top priority. Funding for new projects would be primarily for Transitional Bilingual Education and Special Alternative Instructional Programs.

Under part B, support services, $10.1 million is requested, $500,000 less than the 1986 appropriation, and $51,000 less than the postsequester level.

Under part C, training grants, $33.6 million is requested, the same level as the 1986 appropriation. In 1987, funding for this program would be increased by $1.7 million from the sequester level, reflecting the Department's priority to train classroom teachers.

I am confident that our 1987 budget policy, administrative changes, proposed legislation, and our new regulations, which together comprise the bilingual initiative, will significantly improve educational opportunities for children who come from families where a language other than English is spoken and who are limited in their English language proficiency. Let me say once again, that the Department does not favor any one instructional method in serving these students. What research and evaluation evidence clearly show is that, under different circumstances, a variety of instructional methods can be effective. We strongly believe that the choice of instructional methods should be left to parents and local schools.

My colleagues and I would be happy to respond to any questions you have regarding our 1987 budget request for bilingual education or for immigrant education.

NUMBER OF CHILDREN

Senator WEICKER. Thank you.

In 1978, the children's English services study [CESS] revealed that there were 3.6 million limited English proficient children in the United States. Your own estimate last year indicated that there were 2.4 million of these children. This year, we see you estimate that between 1.2 million and 1.7 million children are limited English proficient.

How do we account for this rather precipitous decline in statistics?

Ms. WHITTEN. Sir, in reviewing that study, we found that several things had occurred. For one thing, the children who were counted, were frequently as proficient in English as in their home language. Therefore, while they did need help, it is truly debatable whether they needed help in their own language, as opposed to just remedial help. This is one issue.

Another thing about this study is that it used a very broad definition of limited English proficient children. We found that using the same tests and cutoff scores, for example, students of Cherokee descent who were monolingual English speaking children also tested as limited English proficient using these same standards. Therefore, we have revised these standards.

Furthermore, the CESS estimate included children between the ages of 4 and 18. We are using the Census Bureau age range of 5 to 17 years old.

Senator WEICKER. Let's forget the children's English services study, you had your own estimate in one year that went from 2.4 million, which was your estimate last year, to 1.2 million this year.

Ms. WHITTEN. We believe that this most accurately reflects the children that need service.

Senator WEICKER. Does it reflect the children who need the services, or does it reflect the budget?

Ms. WHITTEN. There is no change in the budget, as a matter of fact, as you well know. This is one of the very few programs that has been level funded or even increased. We are truly committed to helping the non-English speaking children learn English.

Senator WEICKER. I still have to inquire as to why your estimate goes from 2.4 million to 1.2 million in 1 year. I am sure that good work is being done out there in the field, but I don't think that it is so good that you only have that number that need help.

Ms. WHITTEN. Our data establishes a range of from 1.2 million to 1.7 million. What we find is that these are the children that would not benefit necessarily from training in the regular mainstream classroom, whereas the other children might. These are the children that we truly consider to be limited English proficient, as opposed to the broader category of language minority children.

Senator WEICKER. What standard are we going to use for next year's budget? Have you found criteria that you can stick with now?

Ms. WHITTEN. Yes, sir.

CHILDREN SERVED

Senator WEICKER. In a recent survey of reading and writing, it was found that students from homes in which a language other than English was predominant scored 20 points lower in reading than their classmates. Language minority students who are Hispanic fared even worse, with scores up to 33 points lower than their English-speaking peers. More than one-half of the language minority students surveyed in this study were not enrolled in either bilingual or English as a second language classes.

While you focus on which method of instruction is better than another, which could be debated at length, it would seem that we may be ignoring an even bigger problem in that many of these students are getting no bilingual education at all. What action are you taking to address this problem?

Ms. WHITTEN. The national longitudinal survey found that 94 percent of the students needing services were receiving services. I don't know exactly what study you are referring to. If it is the NAEP study, I will say something on it.

Senator WEICKER. Yes; it is.

Ms. WHITTEN. I am sure that Dr. Finn would like to expand more on what I have to say, however, let me give you an overview of that study.

The issue with the NAEP study was that the children that needed the services the most were excluded from the study because they were not able to take that particular reading test. Most of the students that were excluded were receiving bilingual education or English as a second language. Dr. Finn has corresponded with NAEP officials over that issue. We are not pleased with the conclusions drawn from that study.

Senator WEICKER. I am sure that you are not pleased with them. That I don't doubt, I wouldn't be pleased with them either. The question is: Is it an accurate evaluation?

Ms. WHITTEN. No; it is not.

Senator WEICKER. Why do you think that it is not an accurate evaluation?

Ms. WHITTEN. The study concludes that services are not being provided to children that need them. However, the children that most need those services, and in most cases are receiving services, were excluded because they were not at a level where they could take the reading test. Therefore, the conclusions were applied to children who had been excluded from the study.

BILINGUAL INITIATIVE

Senator WEICKER. We will have further questions on that matter for response to the record.

The committee notes that your fiscal year 1987 proposal for bilingual education is only $150,000 below the 1986 appropriated level. What is more, you only had to eliminate one program in order to do it.

You propose, through a combination of regulations and legislation, to alter vastly the new Bilingual Education Act which has just been put into effect. What is your strategy for revising the act, and for what purpose are you proposing all these changes in the new law?

Ms. WHITTEN. In reviewing the body of research, and doing evaluations of different methods, the one thing that we have found, and the one thing that most groups agree on, is that different methods work best for different students. As you know, this was debated originally in 1968 and when the amendments to the legislation were passed in 1984.

One of the primary goals of the law is to build capacity at the local level to serve children. The capacity building purpose has not been administered properly and was not being adhered to, and we would like to strengthen that.

We found in 1984 that 43 percent of the grantees had received grants for 5 years or more, and these were supposed to be 3-year grants. Moreover, 32 percent of them had received grants for 7 years or more. We also found that the original intent of the law, which was to teach English to non-English speaking students, while enabling them to meet graduation and grade promotion requirements, was being diluted. We found great support for the new initiative.

With regard to the initiative, what we would like to do is emphasize the importance of English, and stress to the LEA's that they have great discretion, as Congress wrote into the law, in determining how the native language is used. The initiative also places greater emphasis on the capacity building and the parental involvement components.

Ms. FARIAS. One of the other things, Senator, is that after having visited about 57 schools, and having gone into over 120 classrooms, one of the major responsibilities that we see is to go around the country and talk about what works, whether it is a good bilingual program.

We have been to many States where they have excellent programs. Obviously, when we are interviewed, one of the first things that they ask us is what works. One of the things that we have to tell them, is that it depends on the circumstances. If you have good teachers, if they are qualified and if they are devoted, if you have good principals who are willing to back them up, then they are going to be good classrooms.

One of the examples that you will see, is Arlington—I don't use Alexandria because people always refer to Alexandria as the city for the diplomatic kids with 87 different languages. We have been to Arlington where over 50 percent of the population is below the poverty line. We have walked into classes where they teach ESL, and a lot of times these services are provided by Anglo teachers.

We would really recommend that you go into some of the other classes, go to some of the schools where they do have some excellent bilingual programs and excellent immersion programs, and you will see that what makes the difference is the teachers. Obviously, Senator, that is something that we don't believe that we can regulate.

The other thing that we have found in regard to teacher training is that although we have expended millions of dollars in teacher training, to our dismay we find that there are a lot of institutions which we support that are not operating at capacity. In other words, we will award so many grants for so many potential teachers, and as we monitor those grants, we find out that only 3 or 4 teachers are in the program where 30 should be. So these are obviously other things that we need to look to.

"WHAT WORKS"

Senator WEICKER. We have been receiving all of these comments from the Secretary and others in the course of the testimony about "What Works." Everybody is very proud of this book. Just out of curiosity, was "What Works" printed in Spanish?

Ms. WHITTEN. I don't know.

Ms. FARIAS. Not that I know of.

Senator WEICKER. I don't think so. That is rather interesting since that is the guideline of the Department of which it is so proud, and yet there is no Spanish version of "What Works."

Ms. WHITTEN. I can't comment.

DURATION OF GRANTS

Senator WEICKER. You have expressed concern with respect to the length of time which some school districts have been receiving funding for their limited English proficient students. You state that 43 percent of those receiving awards in 1984 had received funding for more than 5 years.

What provision is made for those communities experiencing substantial influxes of immigrant children, and do you differentiate between the needs of a relatively stable limited English proficient population and the needs of those districts experiencing a steadily increasing number of those students entering their schools?

Ms. WHITTEN. Yes; we do. As you know, this program was intended as a capacity building program for school districts rather than as an impact aid program. In the new regulations, with regard to capacity building, we have taken this into consideration.

Normally, we will lower the amount of the award each year. However, another way that a school can demonstrate that it is developing capacity is by increasing their commitment in some other way. For example, a school with a recent influx of new students might increase the number served and receive a level award. I think that it is very important that schools develop their capacity, because all too often I will go to multifunctional service centers that we have around the country, and I will see beautiful libraries full of curriculum material, and when I ask about it, it turns out that it is from previous title VII programs that pulled out once the grant had expired. I don't think that a school system can automatically assume capacity on the last day of their fifth year, or their third year, and if they are truly committed, they should be working on this.

Senator WEICKER. Do you propose to set a time limitation on the number of years a school district may receive bilingual assistance?

Ms. WHITTEN. Schools currently apply for 3 years, and if they demonstrate after the third year that they have made some progress, that they are building a little bit of capacity, and that the need is still there, then they can apply again for the 2 additional years.

Senator WEICKER. Senator Burdick.

DURATION OF SERVICES

Senator BURDICK. Thank you, Mr. Chairman.

This is a very difficult problem for me. How many years will the Bilingual Program be in effect as you propose it—1 year, 2 years?

Ms. WHITTEN. A grant to a school, Senator?

Senator BURDICK. Yes.

Ms. WHITTEN. It would be a 3-year grant, with a potential for 2 additional years.

Senator BURDICK. In other words, the student who enters in the sixth grade, do you have help for him for 5 years?

Ms. WHITTEN. No; the grant is to the school system for their program. Students usually participate for a shorter period of time.

Senator BURDICK. What is the practice?

Ms. WHITTEN. Senator, it varies tremendously. There are programs that we have seen that have children for 1 year, 1½ years, 2 years. There are other programs—right now, as a matter of fact, Boston is conducting an investigation through their Office for Civil Rights, of children that began in kindergarten or first grade who are now in the eighth grade and are still not proficient in English.

NEED FOR PROGRAM

Senator **Burdick**. I may surprise you. I come from the heartland of the country. Between 1890 and 1910, one area of the country, North Dakota, South Dakota, Minnesota, was populated by people mostly from Europe—Norway, Sweden, and Germany. There was no bilingual education, and they all learned English very well. They were thrown into the necessity of learning English.

Are we doing some spoonfeeding when we keep them in there with this education through the seventh and eighth grade?

Ms. **Whitten**. I don't believe so. We have come a long way in many ways since those years. I, too, learned that way. I was a little girl in New York City, and I didn't know any English when I started school, and I learned, but I don't advocate the sink or swim method.

I think school systems need to meet the needs of these children. Furthermore, it is illegal at this point not to do so. We have a moral obligation to teach our non-English speaking students English, therefore, the reason for this program.

Senator **Burdick**. What is it that succeeded back then years ago that doesn't succeed today?

Ms. **Farias**. People are still debating that issue, Senator.

If I may add just one thing. When you talk about North Dakota, Minnesota, and those areas, those States, as far as I know, don't have bilingual education, but some of them were awarded special alternative grants by our program, and part of the reason is North Dakota alone has 61 different languages, and those are the examples that we talk about, because it is difficult to have bilingual education using 61 different languages, using the native language.

So this is where we like to use the money to teach English as a second language or immersion.

Michigan is another State that has 41 different languages. California has over 87. In our special alternative program, we fund something like 154 different languages. It varies. There are some ethnic groups that prefer bilingual, and there are some other school districts that cannot possibly teach using bilingual education because they don't have the teachers. Some school districts have the money, they just don't have the teachers. We cannot force someone to become a bilingual teacher.

Senator **Burdick**. You are talking about numbers. I am sure that there may be 60 different tongues. In North Dakota there are probably six or seven different tongues, the Germans, the Norwegians, the Swedes, the Danes, and so forth, but they mingled in the melting pot. There was no special teaching for them, they were compelled to learn, and they did learn.

What is the difference? Is it numbers, is it between 6 and 60, or what is it?

Ms. **Farias**. No, sir; obviously, we are always asked this question, besides what works. It is that some ethnic groups prefer to have their children in bilingual groups. At least, we hear that they prefer their children being in bilingual groups. Other parents don't want their children in bilingual groups or classes.

California is an example. California mandates that you must have a Bilingual Program, and for desegregation purposes, they mandate that the classes include monolingual English speaking children. Of course, we have been reading about the battles that have ensued because they are forcing people to spend a lot of time in classes where they do not wish to be. Our attitude is that if they do not want to be in those classrooms, they should not have to be there because that is also a violation of their civil rights.

As far as what works, it goes back again to the fact that different methods work for different students. I know that we keep going around in circles, but we are always accused of going around in circles, either being antibilingual, or anti-English.

There are children who learn faster than others, and this is one of our main concerns with our bilingual initiative. We have some students who have been placed in a bilingual class who should have been out of there in 1 year because they learned English quickly, and they should have been put in a mainstream classroom, and they get bored. They just sit back there, and they are absolutely bored. You have other students who have been thrown into classes, all-English classes, when they could not speak the language, and it is not that they are bored, they are just scared to death because they cannot communicate.

I think that teachers, legislators, and interest groups, if they really are interested, should be concerned about when a student gets hurt because they are kept in a bilingual class too long, or when a student gets hurt because they are thrown into an all-English class.

I think that if we are truly committed to helping students, and I mean all advocate groups, be it U.S.English, or the National Association for Bilingual Educators, we have to get together and decide just how interested we are in making sure that those students learn English. We could go on forever discussing this issue.

Senator BURDICK. I have no objection to giving the first or the second graders a start, but to keep them on this kind of assistance until the eighth or ninth grade, I don't understand that at all. As I said, we did it out in our country and we made good citizens out of them. I don't think that you need all of this assistance. I think that necessity is a pretty strong agent in this matter.

I am for giving some help in the primary grades, but there has to be a time when you have to adjust, that is all. If it goes beyond the second or third grade, you will find some opposition in this corner.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. I have further questions for the record, and I thank you very much.

Ms. WHITTEN. Thank you, Senator.

Ms. FARIAS. Thank you, Senator.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Bilingual Education was $150 million. The final President's Budget of $143 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

LEGISLATION

Question: You propose legislative language to us which would override or alter a significant portion of the authorizing statute which was just enacted last year. We are given a brief description of what effect these changes would have on the program. Why are you seeking such significant revisions so soon after the enactment of the new legislation?

Answer: The legislative proposal is limited to removing the 4 percent cap on funding for Special Alternative Instructional programs. The proposal is fully consistent with the statement President Reagan made when he signed into law the Education Amendments of 1984. At that time he said, "I am especially pleased that the amendments to the Bilingual Education Act allow some flexibility for local school districts to use Federal funds for the many proven alternatives to the traditional methods in bilingual education that they believe are better suited to helping their limited English speaking students learn English. In the future I hope to work with the Congress to further expand this much needed flexibility."

STUDY ON CENTERS

Question: You indicate that the Department will complete a study during this fiscal year that will provide information for improving the operations of the 16 multi-functional resource centers, which provide inservice training and technical assistance to school districts for improving services for all language groups in their regions. What prompted this study?

Answer: These centers were first funded in 1983 and are now completing their third and final contract year. Study findings will be used in negotiating the new contracts to go into effect this September. The results of the study should also be useful to project monitors in increasing the effectiveness of the Multifunctional Resource Centers.

Question: When will a report of the study's finding be available?

Answer: The study report is expected sometime in July.

Question: What preliminary information from the study could you share with us?

Answer: The contractor will have visited 11 of the 16 centers by early May. Data from the remaining 5 centers will be collected by mail.

RESEARCH FINDINGS

Question: You have stated that there are no research or evaluation data which show the superiority of one instructional approach over another for meeting the needs of limited English proficient students. Yet you indicate that applicants for all of the activities funded under Part A must demonstrate that the instructional approach they have chosen will effectively meet the needs of the limited English proficient students to be served.

Why has research conducted thus far failed to provide evidence that supports the superiority of one approach over another?

Answer: Research and evaluation efforts have been successful in demonstrating that different approaches can be effective under different circumstances and that no one approach is inherently superior. Evaluating educational programs for limited English proficient students is, however, extremely difficult. One major problem relates to the Lau vs. Nichols Supreme Court decision. As a result of this decision, limited English proficient students cannot legally be assigned to a non-treatment comparison group. Consequently it is difficult to determine what academic achievement would have taken place in the absence of the project. In 1987, the Department will continue its research efforts to better understand the range of instructional methods available for limited English proficient children.

INSTRUCTIONAL APPROACH

Question: How does the Department then decide that the approach chosen by the local school district is the correct one, in the opinion of the Department?

Answer: The application is ranked by a panel of experts on a variety of criteria including program objectives and design. Readers carefully consider the applicant's description of the educational needs of children to be served, and how the program design will address these needs. If the panel feels that the design of the project represents a logical and well reasoned approach to meeting student needs, the application will receive a high score on this criterion.

Question: Are the local school districts given the right of appeal should they disagree with your funding decision?

Answer: The selection process is designed to give all applicants an equal chance to compete for available funds. Once applications are ranked by panel members, additional factors, as described in the statute, regulations, and application notice, may also be considered. The Department does not have an established appeals process. However, unsuccessful applicants may raise questions regarding how their unfunded application was considered.

Question: What evaluation criteria has the Department developed to assess the effectiveness and appropriateness of specific instructional approaches for meeting the needs of different types of limited English proficient students?

Answer: In response to a mandate in the new authorizing statute, the Department has developed regulations establishing a comprehensive design for evaluating the programs assisted under Part A, Financial Assistance for Bilingual Education Programs. These regulations will be published in final form in June.

REGULATIONS

Question: Last November, you published proposed regulations for programs authorized under the Bilingual Education Act. You indicate that one of the purposes of these regulations is to "increase emphasis on building local capacity to operate programs of instruction for the limited English-proficient."

When and to what degree will the Department provide specific kinds of technical assistance to State and local education agencies to assist them in the development of such local capacity building?

Answer: The Office of Bilingual Education and Minority Languages Affairs plans to conduct a workshop in June 1986 for State bilingual coordinators to answer questions they may have about the capacity building provisions of the new regulations. In addition to this, the 16 regional Multifunctional Resource Centers provide assistance in this area.

Question: In these proposed regulations, will your change in the definition of an eligible child further restrict the eligibility of limited English proficient students to receive services under the Federal Bilingual program?

Answer: Two statutory definitions, "limited English proficiency" and "native language," were clarified in the proposed regulations and could affect the eligibility of certain children for services under the Act. These clarifications were intended to limit services to those students whose difficulties are related to the use of the native language in the home and who themselves make use of the native language. The Department believed that limited English proficient children who come from language minority households, but do not themselves speak a non-English language can benefit from standard English language remedial services, such as those funded under Chapter 1, and should not be eligible for services under this program.

Question: What is the current status of these regulations?

Answer: The regulations are in the final stage of preparation and will be issued in June.

EVALUATION ASSISTANCE CENTERS

Question: You advise that you attempted to fund two evaluation Assistance Centers in 1985, but because of technical difficulties with some of the bids, you were able to make only one award. How was the funding for the proposed second evaluation center used, since you were unable to make two awards?

Answer: In order to ensure adequate funding for the operation of two Evaluation Assistance Centers in 1986, available fiscal year 1985 funds were obligated to the one center to cover the first two years of its operation. The 1986 appropriation will be used in a similar fashion with the west coast center.

Question: Why are you asking for an additional $100,000 for 1987 when you only awarded one of the two centers in 1986?

Answer: The Evaluation Assistance Center contract for the east coast was funded for 2 years in 1985. The west coast center will be funded for 2 years in 1986. On the basis of the initial experience with the eastern Evaluation Assistance Center, we believe that as the centers become established and better known, the demand for their services will increase. This small increment in funding will help meet the projected increase in demand for services.

IMMIGRANT EDUCATION

Question: In fiscal year 1985, California received almost half of the $30 million appropriation for Emergency Immigrant Education assistance; New York and Texas together received almost one-fourth of the total 1985 appropriation for this program. These three States enroll substantial numbers of immigrant students because they traditionally have been the major points of entry into the country for millions of immigrants.

Do you believe that a few States should bear the educational costs of assimilating the thousands of immigrant students entering our public schools each year?

Answer: Education is primarily a local and State responsibility, with a limited Federal role. Most Federal programs at the elementary and secondary level are designed to assist local schools in solving specific educational problems. The Immigrant Education program constitutes general aid for school districts with large numbers of recent immigrant students. Schools receive these funds on the basis of the immigration status of these students, even though they may not always be educationally disadvantaged. To the extent that these children are educationally disadvantaged or limited English proficient, they can be served under Chapter 1, Chapter 2 or the Bilingual Education program.

Question: If the Federal government is not responsible for U.S. immigration policy and its effects on our Nation's schools, who is?

Answer: Immigration policy is the responsibility of the Federal government, primarily under the Immigration and Nationality Act. Education is primarily a local and State responsibility, with a limited Federal role. Most Federal programs at the elementary and secondary level are designed to assist local schools in solving a specific problem. For example, Chapter 1 provides funding for remedial programs for educationally disadvantaged children and the Bilingual Education program provides funds to build local capacity to serve limited English proficient children. In the case of Immigrant Education, there is no requirement that funds be spent to achieve a specific educational goal. The program constitutes general aid to education.

Question: Your rationale for proposing the termination of funding for the Emergency Immigrant Education program is that assistance under Chapter 1 and 2 and the Bilingual Education program is sufficient to provide educational services to immigrant children who need them.

What additional funds not already committed to other State efforts under these Federal programs are available to the 416 school districts in the 32 States now receiving Emergency Immigrant Assistance?

Answer: No additional funding for these programs is proposed for serving immigrant children. Nonetheless, local schools have considerable flexibility in deciding which students should be served and what level of service is to be provided. School districts are required to give priority to serving those children most in need of compensatory education services. If a district determines that an immigrant child has a greater need for service than some other student, an adjustment can be made. In practice we expect that many recent immigrant children already participate in these programs, especially in Chapter 1 and Bilingual Education.

Question: What evidence do you have that these other Federal education programs have sufficient funds to provide services to immigrant students?

Answer: As noted above, we expect that many recent immigrant students are already served under Chapter 1, Chapter 2 and the Bilingual Education program. However, a school district can, if necessary, reduce the amount of service provided to students in these programs in order to increase the number of participating students.

CLEARINGHOUSE

Question: You indicate that the contract for the National Clearinghouse for Bilingual Education is currently being recompeted. You state that its functions overlap with those of the ERIC system.

Please describe how the new contract will attempt to eliminate the previous duplication of effort between the National Clearinghouse and the ERIC system.

Answer: The request for proposals for the National Clearinghouse for Bilingual Education targets efforts to practitioners and directs offerors to propose methods for screening documents that are suitable for practitioner use. ERIC's audience is primarily academics, policy makers and researchers. By focusing the effort, a more efficient operation can be realized. Moreover, some documents that are suitable for practitioners are routinely included in the ERIC system. Clearinghouse users could be referred to ERIC if they request a document that is in the ERIC system. The author of the 1984 evaluation of the Clearinghouse estimated that if duplication between these two services were eliminated, approximately $172,000 could be saved annually.

Question: Which Clearinghouse service does the Department view as duplicative and unnecessary and why?

Answer: In the past the Clearinghouse provided: the collection of documents, abstracting of documents for inclusion in the data base, reference and referral service, a toll-free hot line, data base searches (for a fee), hard copy of documents (for a fee), publication of a newsletter, publication of occasional papers, publication of other information documents, and maintenance of a publicly accessible data base (for a fee) through a subcontract with BRS Information Technologies, Inc.

The current RFP calls for a system that eliminates all unnecessary duplication of ERIC, targets its acquisitions and services to the practitioner, minimizes cost to the practitioner by providing without cost both NCBE searches and access to their data base for user-conducted searches.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

FELLOWSHIPS

Question: Mrs. Whitten, the budget request doesn't include any support next year for new fellowships. According to the budget justifications, this is based on the Department's belief that only a small percentage of program participants complete their degrees and secure employment in fields directly related to educational services for limited English students. Where's your documentation for this?

Answer: One study of this program found that as of 1982, only about 312 fellows had received their doctorates, about one-third the number expected (Marra dissertation, 1983). A review of data in program files showed that very few were employed by institutions of higher education in bilingual teacher training programs and that many were not employed in fields related to educational services for limited English proficient students. The fellowship program is expensive -- some fellows have received as much as $40,000. We believe that these funds can be better invested in programs that train classroom teachers.

CLEARINGHOUSE

Question: Why does the bilingual education clearinghouse cost so much more to operate than a similar activity elsewhere within the Department? The budget justifications report that the ratio is 3:1.

Answer: Under the old contract, the Clearinghouse was more expensive than ERIC centers, at least in part, because it attempted to serve practitioners, as well as academics, policy makers and researchers. The current request for proposals targets Clearinghouse services exclusively to practitioners. Furthermore, the request for proposals encourages bidders to take advantage of recent cost saving advances in information technology. Substantial savings are expected on both counts.

OFFICE OF VOCATIONAL AND ADULT EDUCATION

STATEMENT OF JOHN K. WU, ACTING ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION

ACCOMPANIED BY:

LeROY A. CORNELSEN, DIRECTOR, DIVISION OF VOCATIONAL EDUCATION, OFFICE OF VOCATIONAL AND ADULT EDUCATION

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

PREPARED STATEMENT

Senator WEICKER. Our next account will be the "Vocational and adult education" account. Here to present testimony is John K. Wu, the acting Assistant Secretary for Vocational and Adult Education.

Mr. Wu, your entire statement will be placed in the record. If you would go ahead and summarize, and also introduce your colleagues.

[The statement follows:]

STATEMENT OF JOHN K. WU

We appreciate this opportunity to discuss the fiscal year 1987 budget request and the fiscal year 1986 rescission proposal for vocational and adult education. These programs, when combined with State, local, and private efforts to prepare a skilled and literate work force, can effectively influence our nation's economic growth and industrial competitiveness.

For fiscal year 1987, we are requesting $408.1 million for vocational education and $104 million for adult education. As you can see on our first chart, the request is a decrease for vocational education of $194.7 million from the 1986 revised request. The 1986 revised level reflects a sequester of $36.5 million and a proposed rescission of $210.3 million. The request for adult education is an increase of $6.4 million over the 1986 post-sequester level.

Vocational Education

Before I go further into the budget figures, I would like to give you an overview of vocational education spending by Federal and State governments over the last 20 years.

An important role of the Federal government is to encourage State and local governments and the private sector to respond to issues of national concern. Federal support for vocational education is a positive example of the fulfillment of this role.

Between 1966 and 1984, the non-Federal share of vocational education expenditures rose from 71 percent to more than 91 percent. While Federal expenditures for vocational education during this period increased from $252 million to $739 million, a growth of 193 percent, State and local governments increased their support from approximately $807 million to almost $9 billion, an increase of more than 1000 percent.

The Federal government has encouraged State and local governments to address the needs of vocational education and they have responded dramatically. I believe this part of the Federal role has been fulfilled.

In this time of national concern over Federal spending, decisions must be made as to the continuing role of the Federal government. For 1987, our priority is to ensure that, while recognizing the substantial amount of non-Federal funding available for vocational education, we continue direct Federal support for programs designed to improve access to quality vocational education for the special needs populations specified in the Carl D. Perkins Vocational Education Act. There is every reason to believe that the Federal emphasis on these groups will have the same dramatic impact that Federal spending for vocational education in general has had over the past 20 years.

Our 1987 request for programs under the Perkins Act is $408.1 million, a decrease of $194.7 million from the 1986 revised request. These amounts, as do all the figures I will be citing for you today, include funds from the permanent Smith-Hughes appropriation.

For the State Basic Grant program, we are requesting $394.2 million, a decrease of $188.4 from the 1986 revised level. From this amount, statutory set-asides will provide about $4.9 million for the Indian program and $1 million for the Hawaiian Natives program. The remainder will be allocated to the States -- at least $361.1 million of it to be used for the six special populations named in the Perkins Act and up to $27.2 million of it for administration. Chart two shows the distribution of these basic grant funds.

For State Councils, we are requesting $7 million, an increase of $14,000 over the 1986 post-sequester level and the same as the 1985 amount. This level of funding should be sufficient to enable the Councils to continue to carry out their responsibilities.

In addition to State programs, we are requesting about $7 million for national research and data programs under Title IV of the Perkins Act. Of this amount, $3.6 million would be used for the national assessment of vocational education, a study that is required by the Perkins Act. In addition, $2 million would be used to continue support for the National Occupational Information Coordinating Committee, $785,000 would be used to continue the Curriculum Coordination Centers, and $500,000 would be used for partial support of the new vocational education data system. Development of this data system is also required by the Perkins Act.

I would particularly like to point out that our request for funding for the national assessment is heavily dependent on our proposal that Title IV funds be appropriated on a current funded basis. We were unsuccessful with a similar proposal last year and I hope that this year we will be able to better explain our reasoning to you.

The Perkins Act stipulates that the National Center for Research in Vocational Education receive $6 million each year. Under a current funded appropriation for the research activity, no funds from the 1987 appropriation would be required for the Center, yet there would be no break in the Center's funding continuity. We have included a grant award schedule in the justification to demonstrate this point and I would welcome any discussion you might wish to have on this issue. We believe our proposal is an ideal solution to the problem of how to maintain continuity of the Center's funding schedule and ensure sufficient funding for the required assessment without a substantial increase in appropriations for this activity.

Finally, we are requesting no funding for three activities that received separate appropriations in 1986. They are Community-Based Organizations, Consumer and Homemaking Education, and Bilingual Vocational Education. Considerable funding for these activities is available from other sources. In addition, States may use their Basic Grant funds to support these activities if they wish.

Adult Education

For Adult Education, we are requesting $104 million in 1987. This is an increase of $6.4 million from the 1986 post-sequester level.

Under our proposal, adult education grants to States would be funded at $102 million, an increase of $4.4 million over 1986. We estimate that we will continue to reach about 2.6 million persons, approximately the number served at present. I should emphasize that this number is an estimate, because local recipients, not the Federal Government, determine the actual number of persons served with available funds in any year. Continued State, local, private sector, and volunteer support for adult literacy programs, in connection with the President's Adult Literacy Initiative, may also add to the number of persons served.

Finally, we are requesting $2 million for adult education research, development, and evaluation as authorized by section 309 of the Adult Education Act. This $2 million request for national projects -- the first in more than a decade -- will enable us to begin to look into some of the most pressing issues in adult education, such as information on the nature and extent of the illiteracy problem, the most cost-effective means of reaching the target population, and the effectiveness of innovative instructional methods, materials, and approaches.

Fiscal Year 1986 Rescission

The President is also proposing a 1986 rescission of $210.3 million for the vocational education program -- $172.9 million from Basic Grants, $30.3 million from Consumer and Homemaking Education, and $7.2 million from Community-Based Organizations. As our second chart on Basic Grants further demonstrates, none of the rescinded amount would come from part A of the Basic Grant authority -- Vocational Education Opportunities. This action would maintain services for the six special needs populations at the 1986 post-sequester level of $394.4 million.

At this time, Mr. Chairman, my colleagues and I will gladly respond to any questions you may have.

Chart One

DEPARTMENT OF EDUCATION
1987 BUDGET — VOCATIONAL & ADULT EDUCATION
(Millions of Dollars)

	1986	1986 REVISED	1987 REQUEST
VOCATIONAL EDUCATION (CDPVEA)			
STATE PROGRAMS:			
Basic Grants	$748.7	$575.9	$387.2
Community-Based Organizations	7.2	—	—
Consumer and Homemaking Education	30.3	—	—
State Councils	7.0	7.0	7.0
NATIONAL PROGRAMS:			
Research	7.4	7.4	4.3
Data Systems	2.2	2.2	2.5
Bilingual Vocational Training	3.5	3.5	—
PERMANENT APPROPRIATION	6.8	6.8	7.1
SUBTOTAL, VOCATIONAL EDUCATION	813.1	602.8	408.1
ADULT EDUCATION (AEA)			
Grants to States	97.6	97.6	102.0
Research, Development, Evaluation	—	—	2.0
SUBTOTAL, ADULT EDUCATION	97.6	97.6	104.0
TOTAL	$910.7	$700.4	$512.1

Chart Two

CARL D. PERKINS VOCATIONAL EDUCATION ACT
DISTRIBUTION OF BASIC GRANT FUNDS
(Thousands of Dollars)

	1986	1986 REVISED	1987 REQUEST
PART A: VOCATIONAL EDUCATION OPPORTUNITIES			
Handicapped	$ 69,189	$ 69,189	$ 63,345
Disadvantaged	152,215	152,215	139,360
Adult Training and Retraining	83,027	83,027	76,015
Single Parents and Homemakers	58,810	58,810	53,844
Sex Equity	24,216	24,216	22,171
Correctional Institutions	6,919	6,919	6,335
SUBTOTAL, PART A	394,376	394,376	361,070
PART B: IMPROVEMENT, INNOVATION, AND EXPANSION	297,512	139,139	—
STATE ADMINISTRATION	52,077	40,157	27,177
INDIAN/HAWAIIAN NATIVES PROGRAM	11,477	8,884	5,915
TOTAL	$755,442	$582,556	$394,162

All figures include funds from the Smith-Hughes Act (Permanent Appropriations).

Biography of John K. Wu

POSITION : Acting Assistant Secretary for Vocational and Adult Education

BIRTHPLACE AND DATE : Tientsin, China, July 9, 1935

EDUCATION : Castleton State College, Vermont, 1962, B.A.
Castleton State College, Vermont, 1975, M.A.
Harvard University, JFK School of Government, 1983 Senior Executive Program

EXPERIENCE

PRESENT : Acting Assistant Secretary for Vocational and Adult Education

1982-1985 : Deputy Assistant Secretary for Vocational and Adult Education
1981-1982 : Executive Assistant to the Assistant Secretary for Vocational and Adult Education
1981 : Education Committee Staff Director, 1981 White House Conference on the Aging
1980-1983 : Editorial Advisory Board, Lifelong Learning Division, Scott Foresman
1977-1981 : Proprietor, Wu Associates, Inc., Ludlow, Vermont
1977-1979 : Principal, Weatherfield Middle School, Ascutney, Vermont
1976-1979 : National Advisory Council on Adult Education, Chairman 1978
1972-1981 : Governor's Advisory Council on Adult Education (Vermont), Chairman 1980
1962-1974 : Secondary Classroom Teacher, Vermont Public Schools

VOLUNTEER ACTIVITIES

1971 : Elected to Board of Selectmen (Town Council), Ludlow, Vermont
1970-1974 : Ludlow, Vermont Planning Board, Chairman 1970
1966-1970 : Board of Directors, Windsor County Mental Health
1962-1963 : Scout Master and Assistant Scout Master, Boy Scouts of America

HONORS

1979 : Outstanding Adult Educator, Commission on Adult Basic Education
1969 : Fulbright Scholar, Indonesia/Singapore
1968 : Fulbright Scholar, Japan
1966 : Distinguished Service Award, Ludlow Area Jaycees

INTRODUCTION OF ASSOCIATES

Mr. WU. Thank you, Mr. Chairman.

I have with me LeRoy Cornelsen, Director of the Division of Vocational Education in the Office of Vocational and Adult Education, and, to my right, Ms. Sally Christensen, Director of the Budget Service, Office of Planning, Budget and Evaluation.

I will very briefly summarize my statement, and submit the entire statement for the record.

1987 BUDGET PROPOSAL

The administration had to make tough and difficult decisions about vocational education funding levels for our 1987 proposal. The vocational education budget recognizes that a special relationship with the State, local, and private counterparts has existed since 1918, with dramatic results. Our Nation has a vigorous, well-established vocational education system, capable of improving and expanding without depending upon Federal support.

State, local, and private resources provide 11 times as much support as the Federal budget. Therefore, our 1987 request is $512 million, $408 million for vocational education, and $104 million for adult education. Our budget will reduce vocational education by $405 million below the Gramm-Rudman-Hollings 1986 postsequester level. This will redirect most remaining Federal vocational education dollars to the six special needs populations recognized by the Carl Perkins Act.

ADULT EDUCATION

Our 1987 request would increase adult education by $6.4 million over its 1986 postsequester levels. The 1987 budget for adult education recognizes this program as a special priority for the administration. The State grants request of $102 million is the highest level ever requested.

We will initiate national research and development projects funded at $2 million, the first funding in this area since 1973. The additional $2 million will permit study of the nature and extent of illiteracy, and development of cost-effective means of providing services, and evaluation of the effectiveness of innovative instructional approaches.

Mr. Chairman, my colleagues and I will now be happy to answer your questions.

EXPIRATION OF RESCISSION REQUEST

Senator WEICKER. I gather that this is a revision of your original statement that you presented to the committee?

Mr. WU. Yes, sir; this is a summary of it.

Senator WEICKER. No; I mean by that that you have a statement which we received, which says, "As you can see on our first chart, the request is a decrease for vocational education of $194.7 million from the 1986 revised request." Is that an error?

Mr. WU. That is included.

Ms. CHRISTENSEN. That is the difference between our request and the postrescission level.

Mr. WU. I did not use that, Mr. Chairman, since the rescissions have expired.

Senator WEICKER. I agree, and I think that your statement is a more accurate statement than this.

Ms. CHRISTENSEN. They did run out yesterday, and we have released the funds.

Senator WEICKER. I am well aware of that.

STATE AND LOCAL SUPPORT

In your opening statement, I again want to be precise, as I recall, you indicated the success of vocational education. Then, I believe, in your opening statement, you indicated that everything was working well, and we could withdraw the Federal role in this matter, to some extent. Is that right?

Mr. WU. Sir, what I meant is that if you look at the total budget, including Federal, State, and local contributions, and if you look at it through the years, at the increases in the local and State contributions to vocational education as compared to Federal, I think total funding can expand, and it has expanded, without depending on Federal funding.

Senator WEICKER. You cite figures showing that between 1966 and 1984, while Federal expenditures for vocational education during this period increased from $252 million to $739 million, a growth of 193 percent, State and local governments increased their support from approximately $870 million to almost $9 billion, an increase of more than 1,000 percent.

Are we to assume that because State and local governments have responded well that the time has now come for them to be penalized for overmatching Federal Funds?

Mr. WU. No; I don't believe that that is what we want to show. What we want to show is that we have used the Federal funds so well in leveraging, in getting the local and State governments to put in money, and to continue vocational education, that we should look, especially in times of deficit, at the area where we can best withdraw Federal support with the least harm to the total vocational program.

ADULT EDUCATION RESEARCH AND DEVELOPMENT

Senator WEICKER. You seek $2 million to permit commencement of some of the most needed national significant studies. You ask us for legislative language to override the newly authorized Adult Education Act which says that no funds may be set aside for this program unless the total appropriation reaches $112 million.

Why are you requesting that we override the statute to give the Secretary a $2 million discretionary pot when these studies could be conducted through other of the Secretary's discretionary sources, such as through the research budget?

Mr. Wu. As I stated in my opening statement, I think that it has been since 1973 that any money was spent on research in adult literacy, and I think that it is time that we spend some money. We need some important data on adult literacy, because adult literacy is such a high priority of this administration's budget proposal.

Senator Weicker. Our population of 23 million adults who are functionally illiterate puts us 49th out of the 158 members of the United Nations in illiteracy. Eighty-five percent of juveniles who come before the courts cannot read. Twenty-two percent of adults cannot write a check so a bank will take it. The illiteracy rate among black youths is projected to rise to 50 percent by 1990.

Why do we need a $2 million study? It seems to me that we are in a position to do something about that, why the study?

Mr. Wu. As I said, we do need some specific data so we can know exactly what the illiterate population is.

Ms. Christensen. Mr. Chairman, we also need to look at not only the nature of the problem, but some of the causes, and then new kinds of ways of reaching the population. There is not that much in the field right now that we can disseminate to State and local adult education personnel that can be of much help in reaching this population, helping them to learn, to use the new technologies. It is really a brand new field.

We think that this request is really a very small amount compared to the need. The Secretary's other discretionary funds are very small.

Senator Weicker. I think that the statistics are out there, get on with the job.

Ms. Christensen. It is not just the statistics, it is the methodologies, and developing the curriculum materials that are so desperately needed by educators to effectively reach this population.

Senator Weicker. Do you have research funds in this area from NIE?

Ms. Christensen. There may be some.

Senator Weicker. Did you have research funds in the last fiscal year, did you have research funds in the National Institute of Education [NIE] covering this?

Ms. Christensen. We did not have any specific research projects in adult education. We have so many priorities in both research and the Secretary's discretionary funds. The new money is so limited that we really do not have them.

Senator Weicker. Why do you think that we should override the statute?

Ms. Christensen. We have not increased the basic grants to States because the States are beginning to increase and overmatch quite significantly. But we certainly see a very proper Federal role in helping the States to pick up some new ways, techniques, materials, and to fund materials development that we could disseminate to them.

VOCATIONAL EDUCATION REDUCTION

Senator WEICKER. What are your reasons for proposing that the major program preparing students for jobs and providing them with occupational skills should be cut in half for 1987, especially in light of the fact that only 1 in 5 jobs in the near future will require a college education?

Mr. WU. Here again, Mr. Chairman, we looked at the total budget within the limits set by the Department of Education budget of $15.2 million, and looking at the vocational education budget, we feel this is the area where a cut will be least harmful.

Senator WEICKER. Because you think the States will pick it up?

Mr. WU. Yes; we do, sir.

Senator WEICKER. What if they don't?

Mr. WU. I think the States have made commitments, and looking at the past statistics, and at the amount that the States have been contributing in this area, we believe the States will continue to do so.

Senator WEICKER. Wouldn't you feel more comfortable if the Federal withdrawals from the field were a little more gradual than halving the situation?

Mr. WU. We think——

Senator WEICKER. A lot of people are going to be out of luck, and I don't know how you recapture that if you are wrong, and the States don't pick it up. You will have millions of people who will not be prepared to go ahead and get a job.

Ms. CHRISTENSEN. Mr. Chairman, the States are already picking this up. They are overmatching so substantially. We also know that the Department of Labor spends $3 billion every year on their job training programs. Corporations and other business entities spend $30 to $40 billion a year on training programs for their own personnel. This is really a negligible decrease as far as impact on the population goes.

Senator WEICKER. Are you including Job Corps?

Ms. CHRISTENSEN. Yes.

Senator WEICKER. The administration is trying to zero out Job Corps.

Ms. CHRISTENSEN. But there is also on-the-job training. Also, I might add, this is an advance-funded program. The States will have ample opportunity to plan for this reduction, since it will be phased in over a 2-year period. It would affect the next school year, and the school year after that.

Mr. WU. This does not go into effect, Mr. Chairman, until July 1987, so they have this time for the preparation.

Ms. CHRISTENSEN. Then the second cut would be in July 1988.

NATIVE HAWAIIAN PROGRAM

Senator WEICKER. Before turning it over to questions by Senator Burdick, I would like to have responses, for the record, to the following questions by Senator Inouye, who is at another committee meeting.

Senator Inouye inquires about the status of the Hawaiian vocational education initiative. Is that something that you would please respond to, for the record?

Mr. Wu. Yes, sir; the Hawaiian Native Vocational Education Program has been made part of the Indian set aside, and we have already made the grant award to ALU LIKE, which is the Governor's designated program recipient to carry out the program. Our office is working together with ALU LIKE in carrying out some of the requirements. There are 20 programs where the subgrants have already been awarded.

I, myself, was in Hawaii in January, representing the Secretary on other programs, and I sat down with Mrs. Wuinona Rubin, and also the project director, Gary Omori. I think that it will be on time, on target, and it is going to be a good program.

Senator Weicker. Thank you very much.

Senator Burdick.

Senator Burdick. Thank you, Mr. Chairman.

VARIETY OF CONSUMER AND HOMEMAKING EDUCATION

The Department's budget summary states that "Just as the Federal Government does not approve specific support for such areas as world history, or mechanical drawing, or fine arts, so it should not tie funding to the narrow categories of consumer and homemaking education." The Department recommends lumping its funds for consumer and homemaking in basic grants.

Tell me, how can you describe consumer and homemaking education as a narrow category when the funds in this program go toward teaching an impressively wide range of topics—resource management, child development, nutrition monitoring, dissemination of information, stress management, human relations, suicide prevention, family economics, child abuse prevention, quality of life for the handicapped, programs for the incarcerated in transition to independent living. Do you think that those areas are narrow?

Mr. Wu. No, sir; probably that is a poor choice of words, in retrospect.

Senator Burdick. Do you think that they are limited?

Mr. Wu. What we are trying to point out is that, we are not proposing funding under title III, part B, consumer homemaking, because: One, it is heavily overmatched—about 17 to 1; and, two, consumer homemaking is also an eligible activity under the basic grants.

Ms. Christensen. Senator Burdick, I don't think we meant the words limited or narrow. We wanted to connote a meaning that related it to other subject areas such as history, English, or mathematics, which also include a variety of subcategories as you have just named in this particular area. That is basically what we meant by that.

CONSUMER AND HOMEMAKING PROPOSAL

We are not necessarily opposed to consumer and homemaking education. What we feel is that by including it in the basic grants—and the law provides that basic grant funds can be directed that way—those resources can be better targeted by the States and localities to areas where they feel there is a need for that. Of course, they are also spending their own funds, over 10 times the amount that we are allocating at the Federal level for consumer and homemaking education.

Senator BURDICK. One of the problems is that basic grants requires set-asides, and consumer and homemaker doesn't, they leave the LEA's more flexibility; isn't that what you are talking about?

Ms. CHRISTENSEN. That is right, but there is still an authorization for consumer and homemaking education in the basic grants.

Senator BURDICK. How much money are you going to save with this approach?

Ms. CHRISTENSEN. Consumer and homemaking education, $33 million, which is money that can be directed to the most important needs, as determined by the States and the localities.

Senator BURDICK. Isn't that the basic reason for this approach?

Ms. CHRISTENSEN. That is right.

Senator BURDICK. To save the money.

Ms. CHRISTENSEN. You save the money to retarget it as the States and localities feel that if should be used. But, there is the vocational education opportunities part of the program that we are funding not only this year, but in the out years as well, to protect those funds for the disadvantaged, the handicapped, and other groups.

Senator BURDICK. No matter how you cut it, or how you talk about it, there will be less money for the States.

Ms. CHRISTENSEN. We don't deny that our proposal is going to be less money from the Federal perspective, but overall it is going to be a very, very small percentage decrease.

Senator BURDICK. I know, it is a nickel here and a nickel there, and pretty soon you are talking about real money, aren't you?

Thank you.

Senator WEICKER. Thank you, Senator Burdick.

Senator Andrews.

VOCATIONAL EDUCATION AND ECONOMIC GROWTH

Senator ANDREWS. Thank you, Mr. Chairman.

Your budget request, as the chairman pointed out, reduces funding for vocational education by over 50 percent. One of the reasons you cited for this drastic reduction is that employers, in your words, "seek less narrow vocationalism, and more academic training." You sure narrow it down with what you are doing.

From what I know, supporters of vocational education, however, believe that your budget request overlooks the importance of vocational education in terms of economic development and growth. How do you respond to this?

Mr. WU. Senator, if you take a look at what we are presenting, the overall budget, and also look at the commitment the private sector has entered into in the area of training, and if you look at the Joint Training Partnership Act [JTPA] State councils, and the national council, you could see that the private sector is entering more and more into training and vocational education.

Senator ANDREWS. These are sources that you are referring to when you say that money for vocational education is available from other sources, outside of the program?

Mr. WU. More so now than it had been before.

Senator ANDREWS. Are these the only two sources that you are citing, or do you have others?

Mr. WU. The latest citation I can give you is the CED national study. It asked corporations and businesses how they reflect on vocational education, and the answers came back that they would rather have more academics than courses in the vocational education area. For the people that they will hire, they would rather have more academics than vocational education.

BUSINESS ATTITUDES ON VOCATIONAL EDUCATION

Senator ANDREWS. You must have your blinders on, or you certainly have developed a case of tunnel vision when you quote that kind of a study, because the studies that I have seen, studies conducted at both the State and the national level indicate strong support for vocational education.

Furthermore, according to the American Vocational Association, results from a 1985 study show that 85 percent—my God, Mr. Chairman, if you and I got 85 percent at the polls, we would say that it was a landslide—85 percent of employers surveyed preferred to hire vocational graduates for jobs that don't require a 4-year degree. This is in direct conflict with your own budget implications, and what you are telling me just now about the studies that you have.

Can you explain this discrepancy?

Mr. WU. Sir, I think you also have to look at the levels at which an industry is hiring. Are they the new hires just out of high school, going into industry, or are they college graduates?

Senator ANDREWS. Let's talk about the industry that hires more people than any other, and that is small businesses. Maybe the major corporations can fund a training program, but that little company that is going to hire a couple of welders needs somebody who has learned the skill of welding—who can run a bead properly, who doesn't have to be retrained. He is not too interested in whether he reads the great classics, or whatever else. They want somebody who can weld, or they want somebody who understands the fuel injector from a carburetor. This is the need of a small business, and this is where most of the job opportunities are.

They are the ones who create the new jobs, and they need workers who already possess skills. That is why the surveys that I am looking at say, 85 percent of these kinds of employers prefer to hire a vocational graduate. You are saying: No; give them a 4-year college education. Then, what do you do, send them on for a couple of years to learn to be a welder, or to learn how to fix a TV set, or whatever?

Mr. WU. No, sir; I am not saying that. I agree with you. However, if you look at today's——

Senator ANDREWS. If you agree with me, why gut the program?

Mr. WU. Let me finish what I am trying to say.

Senator ANDREWS. I thought you were great where you stopped right there. I didn't want you to add on to it, you might get yourself dug into a hole. [Laughter.]

Mr. WU. Sir, you also have to look at today's jobs, even in auto mechanics, it is a lot different than a few years ago. Today they have high tech machines. Also, in order to keep up, you have to have some academic skills in order to read about the changes in the high tech machinery as they come along, even in the automobile industry.

Senator ANDREWS. I couldn't agree with you more, and for quality of life, and a whole host of other things. Anything that we can do, and the chairman, myself, and other members of this committee have done our utmost to keep that educational opportunity door open through keeping available the grants and the student loans, and the rest.

Obviously, if some student has the desire and the ability to get a 4-year college course, and then goes on and takes a couple of years of electronic training, and all of the rest, that is great, and that is their option. But if you are trying to hire people with electronic skills, automotive skills, welding skills, they are not going to impress anybody in a small business by saying: I have a degree in English. They are going to have to say: Can you run a bead? Can you take a carburetor apart? Do you know how to disassemble a fuel pump? Can you do a survey on a television set? These are the things that we need. You are cutting this back, and you are not adding in the other fields, as far as we can see.

Ms. CHRISTENSEN. Senator, they still do need basic skills, basic academic training, reading, writing, just the basic skills at the secondary level.

NEEDS OF SMALL BUSINESSES

Senator ANDREWS. Amen to that at the secondary level. But we are talking about education, postsecondary probably, some at the secondary level. We are talking about the overall mix of education. But the job opportunities out there are largely in small business where there isn't the opportunity for training programs. If you can get vocational education and training to the young man or woman who wants to get just basic training as a typist—my God, we have all kinds of people come up on Capitol Hill, and they have degrees in politics and government, and they have degrees in history, and they have degrees in English, and the first thing that my office manager says is: Can you type, and how many words?

It would be awful to have an office up here with all of that great educational background, but no vocational skills. It is even more so in the world of small business.

Mr. WU. I guess what we are trying to say is that this is happening, and this can happen without an infusion of Federal funds.

Senator ANDREWS. The point is, I don't see those resources out there. I see those Federal funds as seed money. I see them as very important to be maintained because job opportunities is the name of the game.

I don't want to take too much time on my section of this, but let me say that we will revisit this, and we will look very carefully at the testimony, but I don't see how you can justify a 50-percent cut in vocational education funding.

EFFECTIVENESS OF CONSUMER AND HOMEMAKING EDUCATION

Let's take a look at another facet of what you are talking about, consumer and homemaking education. Last year, the Department of Education admitted that insufficient data was available to ascertain the effectiveness of consumer and homemaking education.

The Department also stated that data were being compiled, and that you expected to have that information in the near future. Do you have it available?

Mr. CORNELSEN. Senator, we have learned, in terms of the responses from the States to that program, we can see very dramatically that the Federal funds have remained almost flat. At the same time, from 1972 until the current time, the States have increasingly overmatched.

Senator ANDREWS. But that isn't what I am asking. What we want is data that will allow us to examine the effectiveness of consumer and homemaking education. That is what we asked for last year, and that is what we still would like to have. They said that it was being compiled, and we were going to have it available. When do we get the data on the effectiveness of consumer and homemaking education?

Mr. CORNELSEN. Let me suggest, Senator, that these are entirely elective programs. The students choose to take these course. I doubt that local schools in the States would increase their funding for a program that was not effective. So it seems to me that there is an implication that the program is serving the needs of the States and localities because they are increasing spending.

Senator ANDREWS. So now what you are telling me is that we don't need the data because we all know very clearly that this is very effective, and it is very much appreciated and needed out there. Is that true?

Mr. CORNELSEN. No; I am not saying that we don't need the impact data.

Senator ANDREWS. I thought that this was what you said.

Mr. CORNELSEN. I am saying that, in addition, the Congress has appropriated funds that will be used by the Office of Planning, Evaluation, and Budget, to launch a study, which you have mandated that we conduct, to provide that kind of information, and that is coming.

This is the first year of the Carl Perkins Act——

NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION

Senator ANDREWS. But how long is it going to take you to come up with a study, not a chart that shows that this is popular at home?

Ms. CHRISTENSEN. Senator Andrews, we have already begun the study this year. We have devoted a lot of time and effort into getting that underway right now. We have requested money in our 1987 budget for the study. We do intend to carry out the congressional mandate.

Senator ANDREWS. So the study we asked you for last year, you are requesting funds now to do it, and we might get it next year. Is that what you are telling me?

Ms. CHRISTENSEN. It is a large undertaking. It is quite a big study.

Senator ANDREWS. Meanwhile, you want to eliminate the program.

Ms. CHRISTENSEN. For other reasons.

Senator ANDREWS. Isn't that true?

Ms. CHRISTENSEN. Because of the small percentage of Federal funds and the States' ability to use basic grants for the program. That is the reason for eliminating consumer and homemaking.

Senator ANDREWS. We are talking about $32 million, and last year, your Department proposed shifting funds from consumer and homemaking education under basic grants.

Mr. CORNELSEN. That is correct.

Senator ANDREWS. We asked you for the study. Now you haven't done the study. You say, the study will be done next year, but this year you are simply proposing to eliminate the program. Is that going along with the mandate of this committee?

Ms. CHRISTENSEN. We are merely reiterating that States can use funds under basic grants for consumer and homemaking. The basic grants that we propose to fund do set aside certain portions for various populations. The States and localities can choose to use any of those funds for those populations for consumer and homemaking.

TERMINATION OF CONSUMER AND HOMEMAKING PROGRAM

Senator ANDREWS. The bottom line here is that you are proposing that consumer and homemaking education be terminated. You are also proposing a severe decrease in funding for basic grants. Yet, you tell this subcommittee that States can continue consumer and homemaking education by using their basic grant money, if they so desire. Again, you are requesting a drastic reduction for basic grants, which means overall the States will be receiving considerably less funding.

You say, we are going to cut this out, and then we are going to go over here and fund it out of here, but then you are cutting that out, too. It is ridiculous. You are saying that States have your approval to continue consumer and homemaking education programs, but the Department isn't going to assist them in their efforts to do so.

That is like telling one of our farmers to go ahead and farm, but we are going to take away your supply of seeds, and we will take your land away from you. That is a hell of an impractical way of running anything.

Consumer and homemaking may be forward funded, but what would you suggest schools do after September 30, 1987?

Ms. CHRISTENSEN. I think the school districts have ample money in their local budgets to support and to continue to support these programs.

Senator ANDREWS. Let me give you an example of how it is back home, not in your statistics, which you seem to quote, but when we want to get the specifics of your statistics, we can't get them.

The way it is back in my State, 33 schools in North Dakota have consumer and homemaking education programs. For eight of those schools, that is the only vocational education program in place, that there is Federal funding for. Without it, you have no Consumer and Homemaking Program in place, and that flies in the face of what we ought to be doing, that flies in the face of what our statistics give us, and it just isn't cost effective, unless you say that the program is not needed. For a minute, Mr. Cornelsen said, yes, it is very well received back home, and it is very much needed, but look at this. I stopped right there because we were ahead of the game.

Ms. CHRISTENSEN. I would make the point, your State notwithstanding, nationally, in the past 4 or 5 years, because of the education reform movement, States as a total have increased their spending for education quite dramatically. There has been a 30-percent increase in the past 4 years.

Senator ANDREWS. Yes; that is true, because the need is there.

Ms. CHRISTENSEN. The States are rising to the occasion, as they should. The major responsibility is with the States.

Senator ANDREWS. But, as the chairman pointed out, this budget penalizes States for going ahead and cost sharing. We seem to have a lot of desire to take care of the problems after they happen. You can't get jobs, but let's eliminate vocational education. Let's try to take care of the unemployed.

You have family breakups, and wife beatings, and child abuse, and all of that, but let's eliminate consumer and homemaking training. I think that you are going absolutely backwards.

I would hope, Mr. Chairman, that we can get a little bit nore data, and do things right. I know we will on this subcommittee, and I appreciate your letting me make my points.

Ms. CHRISTENSEN. I would just make one more point. I can't imagine that such a small percentage would make a difference or really result in a State or locality cutting their matching funds.

Senator ANDREWS. It is seed money, it is encouragement, and it is the name of the game out there.

Ms. CHRISTENSEN. But the program has done that over so many years now, it has served its purpose. If they don't get this money, they are not going to actually withdraw their own funds. In fact, if anything, with the increases that are going on nationwide in education funding, they are going to be able to put some money into this area if this is a high enough priority.

Senator ANDREWS. Thank you, Mr. Chairman.

Senator WEICKER. Thank you.

Senator Harkin.

RATIONALE FOR THE REDUCTIONS

Senator HARKIN. Thank you, Mr. Chairman. I just want to second and support everything that our distinguished colleague from North Dakota just said.

You said that it is such a small cut. What was the small cut?

Ms. CHRISTENSEN. It is $33 million.

Senator HARKIN. What you are saying is that they can pick this up from basic grants.

Ms. CHRISTENSEN. Yes; and from their own funds, which are increasing dramatically.

Senator ANDREWS. Yes; but they are cutting the basic grants.

Senator HARKIN. That is right. They cut the basic grants by 48 percent.

PROGRAM EXPANSION AND IMPROVEMENT

Mr. CORNELSEN. I think you need to understand, Senator, that the basic grant cut is not title II–A, it is title II–B, which does not fund programs. It funds services that support programs and it does not reduce teacher salaries and the kind of things that come from title II–A. Title II–A is maintained. It is secure.

Senator HARKIN. You are saying that the 48-percent cut in basic grants is title II–B, which is services.

Mr. WU. It is for program improvement.

Mr. CORNELSEN. The nice things to do, but not the absolutely essential things to do in order to maintain the program.

Ms. CHRISTENSEN. States are already doing those expansion and improvement kinds of things with their own money. We are protecting those parts of the program that target on special needs populations, to be sure that the States take care of those people. We see that as a Federal role. We don't see a Federal role to maintain a small portion of funding where the States have a responsibility to provide general education.

Senator HARKIN. It is amazing how many times you hear different arguments propounded here as to why the Federal Government ought to get out of something. On the one hand, we either hear that the Federal role is too large, and it ought to be reduced. Now I hear this new argument that the Federal role is so small that it is insignificant and it might as well be done away with. Does it have to be just the right level some place? [Laughter.]

1987 PROPOSED BUDGET REDUCTIONS

Ms. CHRISTENSEN. Our reduction is a significant portion of the rest of the Department of Education Vocational Education Program. But, if you compare it to the total spent on vocational education nationwide, it is a very small proportion.

Senator HARKIN. I know, but when you are talking about States such as North Dakota, which is pretty close to Iowa, we are in pretty bad financial shape. Iowa has had a very strong Consumer and Homemaking Education Program for many years, I don't have the figures in front of me, but I am sure that we have increased our portion of that over the last few years. But there comes a point where there simply is no more, and this could be a very significant cut in those programs for the State of Iowa.

I suppose if you have a State where the economy is growing, I suppose that your argument might at least hold some water, but it does not on the national basis. Consumer and homemaking education has had a long history of support throughout this country, going back to 1917, and I might add that it has been strongly supported in the last 5 years of this administration and this Congress, bipartisan support.

To make the disingenuous argument that somehow, it is so small, don't worry about it, it is only $33 million, I think that it does a disservice to the kind of programming this provides in the States, which is very meaningful.

I don't understand your argument on the cuts in the basic grants, your saying that it will not have an effect, I think that it will because there are services that are needed in the States, and they have to make that up, too. So any way that you do it, you are putting the States between a rock and a hard place.

DEPARTMENTAL BUDGET PLANNING FOR CONSUMER AND HOMEMAKING EDUCATION

I just want to ask, it may be that the chairman asked this, this proposal before us on eliminating the consumer and homemaking education, was that the recommendation of the Department? Did you recommend termination?

Mr. Wu. What we did was look at the total vocational education budget, and we looked at the total reductions that were needed, and what we came up with was eliminating all the new and categorical grants. This is a proposal——

Senator Harkin. I am sorry, was this terminated at your level, or at the Department's level, or at the Office of Management and Budget? Did you recommend terminating that, yes or no.

Ms. Christensen. If I could just interject here.

Mr. Wu. There is more to it than just a yes or no answer.

Ms. Christensen. The Secretary asked each Assistant Secretary for a variety of levels for internal planning discussions, and one of the alternatives was this. The Secretary had some internal discussions over the summer, and at that time he looked at these various alternatives, which broke down funds in a variety of ways. This was used as a basis for discussions between him and the Assistant Secretaries. This was certainly one of the options that were set forth.

Mr. Wu. It doesn't come just from one source. We give our options, as all of the offices do. Then the Secretary makes the decision on that.

Senator Harkin. This was just an option that you gave to the Secretary.

Mr. Wu. Yes; this was one of the options.

Senator Harkin. The Secretary is the person who would make the decision.

Mr. Wu. Yes.

Senator Harkin. Thank you, Mr. Chairman.

Senator WEICKER. Thank you, Senator Harkin.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

There will be further questions for response to the record. Thank you very much.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

ORIGINAL 1987 REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secreteary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Vocational and Adult Education was $620 million. The final President's Budget of $512.1 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

ADULT ILLITERACY

Question: Our population of 23 million adults who are functionally illiterate puts us 49th out of 158 members of the United Nations in illiteracy. Eighty-five percent of juveniles who come before the courts cannot read. Twenty-two percent of adults cannot write a check so a bank will take it. The illiteracy rate among black youths is projected to rise to 50 percent by 1990.

Other than a $2 million study, what do you believe it would take to make a real run at this problem?

Answer: The Department of Education employs a variety of methods in tackling adult illiteracy. First, the Department has requested $102 million, an increase of $4.4 million, for Adult Education Grants to States. This will support the provision of services to an estimated 2,576,000 people.

Second, the $2 million requested for Adult Education research, development, and evaluation will not just be used for "a study," but will support efforts to ascertain the most cost-effective means of reaching the adult illiterate population and to test such new approaches to adult education as computer-based learning programs. These efforts will benefit adult literacy programs across the country.

Third, the Department's $400 million request for College Work-Study/Grants will also support adult literacy activities. Under the Administration's Higher Education Act reauthorization proposal, the Federal portion of student earnings in a job related to reducing adult illiteracy would be 90 percent, rather than the normal 80 percent, in 1987.

Finally, the National Adult Literacy Initiative will continue during 1987. This project of the Department encourages volunteer and private-sector participation in local literacy campaigns. The Initiative has spurred the establishment of adult literacy programs within private businesses as well as private-sector contributions to local literacy councils. Citizens have heeded the call to participate in local literacy programs as tutors or in other capacities.

Solving the problem of adult illiteracy is not a task for the Federal Government alone. It will require the combined efforts of Federal agencies, the States, the private sector, and private citizens. But the various efforts undertaken by the Department should provide the basic support for making a "real run" at the problem.

ADULT EDUCATION RESEARCH, DISSEMINATION, AND EVALUATION

Question: You seek $2 million to "permit commencement of some of the most needed nationally significant studies." You ask us for legislative language to override the newly authorized Adult Education Act which says that no funds may be set aside for this program unless the total appropriation reaches $112 million.

Why are you requesting that we override the statute to give the Secretary a $2 million discretionary pot when these studies could be conducted through other of the Secretary's discretionary sources, such as the research budget?

Answer: The Department's other discretionary resources, including the Educational Research and Improvement account, are very limited and are needed to address other educational priorities. The Chapter 2 Secretary's Disretionary Fund, moreover, was established mainly to assist the improvement of elementary and secondary education, not adult education. Given the fact that Adult Education research and development projects have not been funded since 1974, the new national recognition of the need to improve services to illiterate adults, and the many worthwhile projects which can be funded, it is appropriate to override the authorizing statute and provide this discretionary money in 1987.

Question: It seems to me that this is yet another new discretionary account that the Secretary is seeking. Specifically, what would he do with these funds?

Answer: The Adult Education Act states that the funds may be used for, among other things:

- o Improving adult education opportunities for elderly individuals and adult immigrants;
- o Evaluating educational technology and computer software suitable for providing instruction to adults; and
- o Supporting exemplary cooperative adult education programs that combine the resources of business, schools, and community organizations.

All of these project areas are worthy of support. In addition, the Department might undertake projects to:

- o Increase our knowledge of the causes, nature, and extent of adult illiteracy; and
- o Measure, on a cost-benefit basis, the effectiveness of alternative methods of reaching the illiterate population, including programs that rely on volunteer workers.

From among these project areas, the Department would support those that appeared to be most critical in 1987.

REDUCTION FOR VOCATIONAL EDUCATION

Question: What are your reasons for proposing that the major program preparing students for jobs and providing them with occupational skills should be cut in half for 1987?

Answer: For a number of reasons, the Administration's proposal for a budget reduction for vocational education is justified.

- o First of all, educators, employers, and students themselves increasingly agree that the most essential education for secondary school students is a good solid education in the basics, and that narrow vocational skills can be learned later on. More and more States are now raising graduation requirements in the core academic subjects. The Department's decision to concentrate its budgetary resources in other areas is consistent with this aspect of the national educational reform campaign.
- o Second, adequate resources for support of vocational education are available from other sources. The States and localities overmatch the Federal contribution for vocational education by approximately 10 to 1. In addition, the Department of Labor spends about $3 billion a year on skill training and corporations spend an additional $30-40 billion for that purpose.
- o Finally, a principal focus of the entire Department of Education budget is increasing opportunities for the handicapped, the disadvantaged, and other groups with special educational

needs. Our vocational education budget proposal, which would hold funds for the "Vocational Education Opportunities" program at a high level, is part of this overall budgetary thrust.

Question: What alternatives do you propose for the 16 million students who are enrolled in vocational education -- 9 million of them on the secondary level?

Answer: Because the Federal Government contributes less than 10 percent of all funding for vocational education, we do not believe that the proposed budget reduction would result in the termination of services to many students enrolled in programs of vocational instruction.

In estimating the number of students enrolled in federally assisted vocational education programs, bear in mind that the 16 million figure you cite comes from the old, discredited Vocational Education Data System (VEDS). That system was terminated partly because it produced inflated enrollment estimates. Data from the Census Bureau and the High School and Beyond Survey indicate that total vocational education enrollment may be as low as 5.9 million (3.9 million at the secondary level).

Question: You talk about your request for Vocational Education programs as "a decrease of $194.7 million." So that we are talking apples and apples, my figures show that your proposal represents a $437.8 million decrease from the 1986 appropriated level. Do your figures agree with mine?

Answer: Yes, they do. The phrase that you cite, taken from our original Opening Statement, assumed congressional enactment of the proposed 1986 rescission.

Question: Why do you muddy up the picture by using numbers which give a false picture of what you're doing?

Answer: That is not what was intended. In basing our reduction on the 1986 "revised" level, we were following the format approved by the Committee for the Congressional Justifications. After the rescission request expired, we revised the Opening Statement to use the amount currently available for 1986 as the base.

STATE AND LOCAL SUPPORT

Question: You cite figures showing that, between 1966 and 1984, while Federal expenditures for vocational education during this period increased from $252 million to $739 million, a growth rate of 193 percent, State and local governments increased their support from approximately $807 million to almost $9 billion, an increase of more than 1,000 percent.

Are we to assume that because State and local governments have responded so well that the time has now come for them to be penalized for overmatching Federal funds?

Answer: The intent is not to "penalize" the States. Rather, we mention the overmatch statistics in order to point out that the original Federal objective of providing seed money to encourage

State and local support of vocational education has succeeded so well that Federal money for this purpose is no longer needed. Continued Federal support for vocational education is justified if it is directed toward the newer objective of increasing opportunities for special-needs populations.

Question: How do you equate the poor financial condition of the States at the present time and the increased need for vocational and technical training in view of the unemployment rate, which seems to be stuck at about 7.3 percent?

Answer: The Committee should be aware that the national civilian unemployment rate declined from 7.3 percent at the end of February to 7.2 percent in March and then to 7.1 percent in April. During this two-month period, total seasonally adjusted civilian employment rose by 331,000. The economy is continuing to grow and the unemployment rate is continuing to come down.

The employment picture in most States is at least as good as in the country as a whole. During 1985, 30 States had an average unemployment rate that was at or below the national average. In only a few States, such as West Virginia and Louisiana, was the unemployment level well above the national rate.

According to the Advisory Commission on Intergovernmental Relations, only three States -- Vermont, Nebraska, and Alaska -- reported running a budget deficit in fiscal 1985. The combined deficit for these three States was very small. In comparison, the Federal deficit for 1985 was over $212 billion.

Taking all these facts into consideration, we conclude that the States are in good financial condition, relative to the Federal Government, to continue and even expand upon their historic support for vocational education.

BILINGUAL VOCATIONAL TRAINING

Question: A 1978 study by the Justice Department found that the majority of inmates in local jails lacked a high school diploma. In 1985 it cost an average of $14,128 per year to maintain an inmate in a correctional institution. You state that the averge cost per student in the Bilingual Vocational Training program is $2,313. You propose to terminate this program on the grounds that "it is not very cost efficient." The $14,128 figure I gave you is an average for Federal institutions -- the average for State institutions is higher -- up to $24,000 in some cases.

The Bilingual Vocational Training program is "not very cost efficient," in your opinion, compared to what?

Answer: Your question seems to imply that if the 1,200 students who participate in Bilingual Vocational Training annually do not have access to this special program, they will all go to prison. Our own cost-effectiveness calculations did not make that assumption.

Rather, as noted in the Justifications, a number of other programs that operate at a lower cost serve the needs of limited

English proficient persons who need vocational and English language training. Most prominently, local recipients (local educational agencies and community colleges) of Vocational Education Basic Grant funds for the disadvantaged must use these funds to serve the limited English proficient at least in the proportion that limited English proficient students are of the total number of disadvantaged students enrolled by the eligible recipient in vocational education. Federal funds under this set-aside may be used only to pay for up to one-half of the excess costs of providing special services or programs for the disadvantaged and limited English proficient. Thus a small Federal contribution should make a major difference in vocational education opportunities for the limited English proficient. The same cannot be said of the Bilingual Vocational Training program, which is 100 percent federally funded.

Many other limited English proficient individuals are served through other Federal programs, such as the Adult Education and Bilingual Education programs. With these major programs in place, there is no need to continue Bilingual Vocational Training as a separate categorical demonstration activity.

INCREASING ACCESS TO PROGRAMS BY WOMEN

Question: While at least 95 percent of current female teenagers will work outside the home, half of all female high school graduates do not envision themselves working for pay.

Although nine out of ten young women can expect to be married by age 30, half of those marriages will end in divorce. If couples get divorced, the women's and children's standard of living drops by 73 percent, while men's increases by 42 percent.

Two out of three poor adults are women. Among female-headed families, 36 percent live in poverty. Most women remain highly segregated in low-paying jobs.

Under your budget proposal, will there be any male-dominated programs left to which women can try to gain access?

Answer: Yes, there will. Because the Federal contribution for vocational education represents only about 8 percent of total vocational education funding nationwide, and because most of the proposed reduction would be taken from funds that support the expansion or improvement of programs, we do not believe that the reduction should result in the termination of any vocational education programs. The operation and maintenance of the basic vocational education curriculum can and should be the financial responsibility of the States.

Question: Have you examined ways in which the Department might assist in expanding access by females to some of the male-dominated vocational programs within schools?

Answer: The State programs portion of the Carl D. Perkins Vocational Education Act provides major support for activities that relate to sex equity or the particular concerns of women. Under the Vocational Education Opportunities program (Title II-A), States must use 3.5 percent of their Basic Grants for programs to eliminate sex bias and stereotyping and 8.5 percent for programs for single parents and homemakers. In addition, each State must use at least $60,000 of its Basic Grant to support the activities of a sex equity coordinator. Because the Deparment's budget proposal would maintain Title II-A at a high level ($361 million), over $79 million would be available for these three activities.

With so much going on at the State level, there is little need for a major Federal push in the sex equity area. The most appropriate role for the Department is to track and assess the progress of women in entering and succeeding in traditionally male-dominated programs and occupations.

ADULT EDUCATION DATA

Question: Under the 1984 amendments to the Adult Education Act, explicit authority was given the Secretary to collect data on States' adult education students, programs, expenditures, and goals. What have you learned during the past year concerning the effectiveness of adult education programs?

Answer: Using this data collection authority, the Department has implemented an Adult Education program reporting system. Data on the first year of program operations, which will end on September 30, 1986, will improve our understanding of the size and scope of federally supported adult education programs (number and characteristics of participants, number of local sites at which programs are offered, size of State, local, and private-sector contributions). Although the annual reporting system will not really get into the issue of effectiveness, the Department's request for $2 million for Adult Education, Research, Development, and Evaluation would be used to analyze the effectiveness of different types of adult education programs.

Questions Submitted by Senator William Proxmire

NATIONAL ACADEMY OF SCIENCES STUDY

Question: As I'm sure you know, the National Academy of Sciences issued a first-rate report on the role of vocational education in terms of its overall contribution to economic development. I believe the report is entitled Education for Tomorrow's Jobs. At any rate, NAS found that the quality of secondary programs varies widely and cited comprehensive high school programs as most in need of reform. Does the budget request address the question of vocational education reform at the high school level?

Answer: Not really. Under the budget proposal, vocational education Basic Grants funds would be used for Title II-A, Vocational Education Opportunities, rather than for Title II-B, which authorizes program improvement, expansion, and innovation. Most States are now looking at secondary vocational education as part of their efforts to improve high school education overall. A variety of reforms that affect vocational education are being proposed and implemented: increased course requirements in academic subjects; pupil and teacher competency testing; "no pass-no play;" merit pay and master teacher plans; etc. These efforts will continue without direct Federal intervention.

Question: The NAS report was critical of evaluation studies that do not account for differences in program quality. Instead, results are reported for all programs together, which may result in modest gains in student outcomes but does not estimate accurately the returns to the better trained graduates. Will these concerns be incorportated in your new vocational education data system?

Answer: No, the redesigned Data on Vocational Education (DOVE) system will collect and aggregate information on vocational education students, programs, program completers and leavers, staff, facilities, and expenditures. Because of the variation across States and communities in data collection practices, the inherent difficulty in determining what is a vocational education student, program, a completer, and a leaver, and the lengthy statutory requirements for developing information on handicapped students, this alone will not be an easy task. No attempt will be made to deal with the elusive subject of quality.

Program quality and its impact on students' program participation and labor market benefits will be an appropriate topic for the congressionally mandated National Assessment of Vocational Education. The Department's budget proposal for Vocational Education National Programs calls for the expenditure of $3.7 million in fiscal year 1987 funds for this assessment.

CURRICULUM COORDINATION CENTERS

Question: Under the budget request, the funding level for Curriculum Coordination Centers (CCCs) would be restored to its presequestration level of $785,000. How many Centers are there?

Answer: Six Centers are in operation.

Question: Where are they located?

Answer: The Centers are located at the University of Hawaii in Honolulu; Sangamon State University in Springfield, Illinois; Mississippi State University in Starkville, Mississippi; Rutgers University in New Brunswick, New Jersey; the Oklahoma State Department of Vocational Education in Stillwater, Oklahoma; and St. Martin's College in Lacey, Washington.

Question: Last year, the Department reported that "if all of the CCC-disseminated curriculum materials adopted during fiscal 1983 had been separately developed at each of the local sites, nearly $6 million in costs would have been incurred that year." Do you have any estimated savings in this regard for fiscal 1984?

Answer: The total estimated savings reported by the Centers for fiscal 1984 comes to some $9.5 million.

ADULT EDUCATION RESEARCH

Question: Mr. Wu, you're requesting $2 million in research funds to look at some of the most pressing issues in adult education, particularly the illiteracy problem. Given the estimated 25 million adults with reading skills below the 5th grade level and another 35 million who read below the 9th grade level, the need for such research is long overdue. Can you tell us briefly what the $2 million will support?

Answer: We would like to use these funds to:

- Develop and test new methods of reaching the illiterate adult population, such as computer-based learning technologies and programs that draw on the resources of the entire community;
- Improve our understanding of the nature, extent, and causes of adult illiteracy; and
- Measure, on a cost-benefit basis, the effectiveness of different types of adult education programs.

Question: This request for some national studies in adult education is the first in more than a decade. Why has it taken the Department so long?

Answer: Our request would support the first national adult education research and development projects in more than a decade, but it is not the first such request for funds. The President's budgets for fiscal 1981 and 1982 requested funds for similar purposes, but the money was not appropriated by Congress. In other years, the needs of other programs were given higher priority by the Department.

During the past decade, however, the Department has undertaken some initiatives in the adult literacy area. For instance, Department staff worked with the Census Bureau to produce the new English Language Proficiency Survey, which has given us improved information on the extent of adult literacy. The National Assessment of Educational Progress has been revised to include a young adult component. President Reagan launched the Adult Literacy Initiative. All of these activities were ad hoc and modestly funded. Congressional acceptance of the request for $2 million for Adult Education Research, Development, and Evaluation would provide the support for more comprehensive efforts.

LIBRARIES

STATEMENT OF CHESTER E. FINN, JR., ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT

ACCOMPANIED BY:

ANNE MATHEWS, DIRECTOR, LIBRARY PROGRAMS, OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT

CAROL CICHOWSKI, DIRECTOR, SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS DIVISION, OFFICE OF PLANNING, BUDGET AND EVALUATION

PREPARED STATEMENT

Senator WEICKER. The next account that we are going to hear from is the "Libraries" account, and Chester E. Finn, Jr., the Assistant Secretary for Educational Research and Improvement is here to make the administration presentation. If the rhetoric is to match the budget request, there should be a long silence at this stage of the game.

Please proceed and introduce your colleagues. We look forward to your testimony.

[The statement follows:]

STATEMENT OF CHESTER E. FINN, JR.

I appreciate this opportunity to discuss with you the Department of Education's 1987 budget request for library programs.

Rationale for Zero Budget

Our proposal is straightforward: We are not requesting any money for these programs. We recognize the importance of maintaining high-quality library services throughout the Nation. However, Federal support over the past 30 years has, for all practical purposes, produced the desired widespread results that were intended: making library services accessible to all segments of the Nation's population; curbing the shortage of qualified librarians, which was so critical in the 60's and 70's; and stimulating interlibrary cooperation and resource sharing through establishing telecommunication networks and other methods of linking libraries with one another.

Now that those problems are under control, it is time for the Federal role to diminish and for State and local governments, which are already providing the vast majority of funding for library activities, to assume full responsibility for the support of basic library services. To dramatize the dimension of this support, there are about 3,100 college and university libraries in the Nation which spend annually over $1.9 billion from all sources; of this amount, less than one percent is from Federal sources.

Regarding school libraries and media centers, there are now approximately 71,000 in the Nation, and they spend annually over $1.5 billion from all sources, including funds derived from Chapter 2 of the Education Consolidation and Improvement Act. However, these Federal funds are estimated to be only about $100 million, or 7.5 percent of the total expenditures.

Numerous public library outlets currently serve the public. The majority of these are bookmobile stops, underscoring the special effort public libraries have made to bring services to users. These outlets include approximately 8,600 central libraries, 6,900 branch libraries, and 5,100 other distribution points. According to the Center for Statistics data, these libraries expend over $2 billion annually, of which 80 percent comes from local sources, 7 percent from State sources, and 13 percent from a range of other sources, including about 4 percent from Federal funds.

Terminating the library programs also reflects the Administration's commitment to curtailing unnecessary Federal spending in order to reduce the Nation's deficit.

Library Services and Construction Act

We believe it is now time to end Federal support for the Library Services and Construction Act (LSCA) programs. During the past 30 years, the Federal Government has spent over $2 billion to provide increased access to public library and information services in areas where services were inadequate and for special populations.

Since 1956, when the Public Library Services program began, access to public libraries has increased from 56 percent of the total population to the current figure of about 96 percent, considered to be the highest feasible level.

In 1985, State and local government funds plus support from the private sector accounted for about 96 percent of the total funds spent on public libraries. Most States have already assumed a leadership role in providing public library services, with nearly all States now having programs of State aid to local libraries.

The Public Library Construction program, which assists States in building and renovating libraries, has been a partner with the Public Library Services program in increasing access to library services. After 22 years of Federal support providing about $250 million for over 3,000 construction projects, we feel that State and local governments can now assume fiscal responsibility for library construction needs.

More than $110 million in Federal seed money has enabled the Interlibrary Cooperation program to develop model programs that have helped libraries across the country learn how to share resources and form library networks. Recognizing how important it is for libraries to link together, 22 States now provide nearly $90 million in State aid for these purposes.

Programs to improve library services to Indian tribes and native Hawaiians were authorized by amendments added to LSCA in 1984. Seed money provided in 1985 and 1986 will help Indian tribes and native Hawaiians to develop their own long-range plans to meet their library needs.

The new Library Literacy Programs activity is another in the proliferation of small discretionary programs which are of questionable benefit. It is doubtful that this program, with its very small grants of $25,000 or less, will have a significant impact or will be of interest to most major urban library systems. Furthermore, the number of library literacy projects reported by the States more than doubled between 1980 and 1984 without the aid of this new program, indicating that this program is not necessary to increase the number of literacy projects in public libraries.

Higher Education Act

Through Title II of the Higher Education Act, the Department also supports three small discretionary grant programs to assist libraries. We believe these programs are no longer a critical Federal investment.

The Library Career Training program is no longer necessary because the critical shortage of qualified librarians we experienced in the 1960's and 1970's has now been alleviated. Reports from the Bureau of Labor Statistics indicate there is now an adequate supply of professional librarians to maintain the quality of library services. State grants and loans, as well as Federal student assistance, are available to train needy persons as librarians and information specialists, thus eliminating the need for this small categorical program.

We also see no need for the Library Research and Demonstrations program to continue. This program supports research on the uses of new technology in library and information science. However, use of this technology has now been adequately demonstrated, and the remaining research needs can be met through the Department's other research programs, other Federal agencies, such as the National Endowment for the Humanities, and private foundations and research groups.

The Research Libraries program was intended to assist major research libraries to acquire and preserve materials, promote interinstitutional cooperation, and set up data bases to catalog publications. However, these activities are more appropriately the responsibility of the institutions themselves, which can fund these activities out of their own budgets or through the assistance of the private sector or other Federal agencies. We should like to point out that many of the grants under this program go to the wealthiest institutions in the country.

Proposed FY 1986 Rescission

Besides requesting zero funding for library programs for fiscal year 1987, we are also requesting that some of the fiscal year 1986 funds be rescinded for the same reasons.

The Gramm-Rudman-Hollings deficit reduction legislation required a 4.3 percent sequestration which reduced the fiscal year 1986 Libraries funds from the $127.5 million appropriated to $122 million. We are requesting a further reduction of $33 million in rescissions which would eliminate all fiscal year 1986 funding for library programs except for Public Library Services and Interlibrary Cooperation, leaving $89 million available in 1986. These two programs are not proposed for rescission because they are current-year funded and States have already begun expending the funds.

Summary

We believe that library services are vital to educational excellence and lifelong learning. However, these Federal programs have achieved the task of strengthening all types of libraries over the past 30 years. In a time of limited resources, we do not think these programs warrant funding at the expense of other more pressing needs, since these activities will continue without Federal support and are already, as is appropriate, primarily the responsibility of States, localities and the private sector.

BIOGRAPHY OF CHESTER E. FINN, JR.

POSITION : Assistant Secretary for Educational Research and Improvement and Counselor to the Secretary of Education

BIRTHPLACE AND DATE : Columbus, Ohio, August 3, 1944

EDUCATION : Public Schools of Dayton, Ohio
Graduated, The Phillips Exeter Academy (with high honors), 1962

Bachelor of Arts, Harvard College (cum laude), 1965; Concentration: American History
Master of Arts in Teaching, Harvard University, 1967; Field: Social Studies
Doctor of Education, Harvard University, 1970; Field: Educational Policy and Organization

EXPERIENCE

1985-present : Assistant Secretary for Research and Improvement and Counselor to the Secretary, U.S. Department of Education

1981-1985 : Professor of Education and Public Policy, Vanderbilt University (on leave, 1985 to present)

1977-1981 : Legislative Director, Office of Senator Daniel Patrick Moynihan

1974-1977 : Research Associate in Governmental Studies, The Brookings Institution, Washington, D.C.

1973-1974 : Counsel to the American Ambassador to India

1972-1973 : Special Assistant to the Governor for Education, Commonwealth of Massachusetts

1971-1972 : Director of Policy Analysis, University of Massachusetts

1969-1971 : Staff Assistant to the President, The White House, Washington, D.C.

1968-1969 : Research Assistant, and Assistant to the Director of Programs in Administration, Harvard Graduate School of Education, Cambridge, MA

1967-1968 : Administrative Assistant in the Center for Research and Development on Educational Differences, and Member of the Faculty, Harvard Graduate School of Education

1966-1968 : Graduate Secretary, Phillips Brooks House, Harvard University

1966-1967 : Assistant Director, Harvard Upward Bound Program

1965-1966 : Program Development Aide, Cambridge Economic Opportunity Committee (and Commonwealth Service Corpsman)

OTHER EXPERIENCE

1985 (May) : Visiting lecturer under the auspices of United States Information Service (U.S.I.S.) in Tokyo, Kyoto and Fukuoka, Japan and in Seoul and Pusan, Korea

1974 (January) : Organizer and speaker in U.S.I.S. seminar on "Issues in Contemporary Higher Education," delivered in five Indian cities

1973 (December) : Visiting lecturer at Sri Venkataswara University, Tirupati, Andhra Pradesh, India

1971-1972 and 1967-1968 : Course assistant, guest lecturer and section leader at Harvard University for Professors Daniel P. Moynihan and Nathan Glazer; courses in "Urban social policy," "Social science and social policy," and "The politics of education."

1965-1966 : Intern teacher of social studies, Newton High School, Newton, MA

1964 (Summer) : Intern teacher of history, Phillips Exeter Academy, Exeter, NH

1962 : Graduate, The Colorado Outward Bound School

Extensive travel in the U.S.A., Europe, Asia, Africa, Pacific
Numerous books and articles
Participant and speaker at many meetings, seminars, conferences, and hearings

CURRENT MEMBERSHIPS : Phi Delta Kappa, Harvard University Chapter
Member, Cleveland Conference
Member, Higher Educational Colloquium
American Educational Research Association
Committee for the Free World

INTRODUCTION OF ASSOCIATES

Mr. FINN. Mr. Chairman, it is a pleasure to be before the subcommittee for the first time. You have me with you for two consecutive sessions this morning.

To my left is Dr. Anne Mathews, our terrific new Director of Library Programs; and to my right is Carol Cichowski from the Department's Budget Service.

You have our full statement, and I would like to make very brief opening remarks.

OPENING REMARKS

It is not the easiest thing for one's debut to be the reiteration of an argument that has not been a popular argument with this committee in the past. Nevertheless, I shall reiterate it, and do urge the Congress to terminate funding for a set of programs that we know are popular, but that in our considered judgment cannot rank as high as other Federal priorities in an era of tight resources and stringent deficit reduction measures.

I know that the Congress has not been sympathetic to this view in previous years. I shan't take a lot of your time in explaining our reasoning. It rests on two points. Neither, I might say, reflects any animosity toward libraries. On the contrary, I, for one, am a frequent library user and admirer.

This administration believes in the value of libraries for the Nation. That is the President's view. It is the Secretary's view. It is my view. We want simply to make these two points. First, because these programs play very minor roles in the overall financing of the Nation's libraries, in an era of limited resources for the Federal Government, it is less important to maintain them than it is to maintain other programs and activities where the Federal role is central.

Second, also because these programs supply such small fractions of library support, we believe that it is relatively easier for local, State, and private sources, and certain other Federal programs and activities, to pick up the slack, provided local authorities determine that the services and activities ought to continue at their present level, which we would, of course, recommend.

In the last year for which we have comprehensive data, America's libraries of all sorts, in combination, had a budget of about $6.2 billion. The programs before this subcommittee today have a 1986 appropriation of $127 million, which is to say, all of the programs before us today comprise 2 percent of the expenditures of all libraries in the Nation today, 2 percent. These differences in magnitude are striking.

LIBRARY SERVICES AND CONSTRUCTION ACT PROGRAMS

Let me speak just very briefly about two sets of programs. First, the LSCA, the Library Services and Construction Act. The recipients are public libraries, of course.

Public libraries are one of those domains in American public life where we find a very strong tradition of local support. Of approximately $2.3 billion of public library expenditures in 1982, 80 percent came from local sources, 7 percent came from State sources, 9 percent came from miscellaneous sources, including private donations, and a bit less than 4 percent came from the Federal Government.

Furthermore, in 1984 the LSCA programs before us today supplied a bit less than 3 percent of the combined expenditures of $2.8 billion by the Nation's public libraries. In other words, sir, 97 percent of public library support came from sources other than the LSCA programs.

Most localities support libraries, and today some 43 States support libraries, a far different situation from when these programs were inaugurated. State spending for public libraries is roughly three times the total LSCA spending at the present time.

COLLEGE AND RESEARCH LIBRARY PROGRAMS

As for college and research libraries, let me offer a pair of facts. The 118 member libraries of the Association of Research Libraries currently have a combined expenditure of about $1 billion. The HEA title II–C program, with which we are currently assisting them, has a total expenditure of $6 million, which is to say about six-tenths of 1 percent of the budget of that one cluster of research libraries is supplied by our title II–C program.

In summary, we simply cannot accept the proposition that these funds, however desirable, are, in fact, indispensible. Let me repeat this final point: we are talking throughout this presentation about indispensibility, not about desirability.

It is desirable for the Nation to support its libraries, we all agree to that proposition. But the fact is that that is occurring and, therefore, continued Federal support is not indispensible. At a time like the present, requiring careful decisions about resource allocation, we recommend that this Federal support be dispensed with.

Thank you very much. We would be happy to take your questions.

Senator WEICKER. I have no questions. I am not going to waste my time on what I consider to be an erudite exercise in ignorance.

Senator Harkin.

[Laughter.]

Mr. FINN. Thank you for the compliment.

Senator HARKIN. What was the compliment?

Mr. FINN. I thought that the erudition part was.

Senator HARKIN. Mr. Chairman, I think that I will follow your lead on that. I just don't see any reason for zeroing out all Federal involvement in libraries.

Is it again because it is so small that it isn't necessary or is it too big this time?

Mr. FINN. Sir, this one is too small.

Senator HARKIN. It is too small.

Mr. FINN. It is our considered view that libraries can survive and will survive without this particular Federal expenditure, desirable though it may be. It is not indispensible, and we are in a year of making indispensible-type decisions.

Senator WEICKER. What does the library director do these days?

Mr. FINN. She is doing a bang up job of running the programs in fiscal year 1986. [Laughter.]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. If there are any further questions to be asked, for response to the record, from other members of the panel, then that should be done. Let's move on to the next account.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

Questions Submitted by the Subcommittee

DERIVATION OF BUDGET LEVEL

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

The formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Libraries was zero. The final President's Budget, which was transmitted in February 1986, also proposed to terminate these programs in order to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation, as well as for programmatic reasons.

ELIMINATION OF FEDERAL LIBRARY ASSISTANCE

Question: For the fifth year in a row, we are facing your elimination of Federal library assistance. What is the purpose of Federal involvement in this area?

Answer: The purposes of Federal involvement in the library area, as provided for under the various titles of the Library Services and Construction Act and title II of the Higher Education Act, have been to extend and improve public library services throughout the Nation, to assist institutions of higher education and research libraries in strengthening, maintaining, and sharing their library resources, to assist in the training of librarians, to assist Indian tribes and Hawaiian natives in the improvement or establishment of public library services, to support literacy projects through State and local public libraries, and to support library research and demonstrations.

Question: Dr. Finn, perhaps it would be useful to read to you the Declaration of Federal Policy with the Library Services and Construction Act:

"It is the purpose of this Act to assist the States in the extension and improvement of public library services in areas of the State which are without such services or in which such services are inadequate, and with public library construction, and in the improvement of such other State library services as library services for the physically handicapped, institutionalized, and disadvantaged persons, in strengthening State library administrative agencies, and in promoting interlibrary cooperation among all types of libraries."

You maintain that Federal support over the past 30 years has produced the desired wide-spread results that were intended. Am I correct to assume that you believe the program has indeed worked and, thus, at least its effectiveness is not in question?

Answer: Yes, the original purpose of the Library Services and Construction Act has been fulfilled, with access to public library services having been extended to 96 percent of the Nation's population, compared to only 56 percent when the legislation was enacted 30 years ago. In addition, we believe these funds have stimulated States to supplement local public library funding with significant aid programs; today, 43 States provide $318.8 million in support of local public library programs.

TECHNOLOGICAL CHANGES IN THE DELIVERY OF LIBRARY SERVICES

Question: But there are those of us who believe, Dr. Finn, that the world is a different place than it was 30 years ago, or even 10 years ago. Do you have any thoughts as to how libraries and public information systems have changed in the past few decades?

Answer: There have been many changes in services patterns among libraries and new information systems, particularly computer-based information-handling improvements. This Administration continues to endorse these improvements. We must point out, however, that nearly all of the support (about 97 percent) for these major changes comes from sources other than the Federal Government.

Question: Do you believe the relatively recent explosion of growth in information systems, technologies, videotapes, microcomputers, etc., has made a difference in the way libraries now function?

Answer: There are many examples of the impact of these technologies on the way public libraries function. There are, for example, more than 2,400 discrete computerized information databases on the market today, and public libraries have been purchasing these services to increase the range of their information services. In some cases, public libraries have formed linkages to share membership costs for these services. There is strong evidence that State and local support for these technological innovations is increasing.

Question: Leaving the provision of such information and technologies entirely to local governments, would it not be fair to assume that there would be a significant gap between affluent and less affluent communities in terms of library services?

Answer: Each community decides on its level of support for the provision of library services, and there will naturally be differences between communities. However, programs of State aid to local public libraries are now in place and should be able to eliminate any severe gaps between affluent and less affluent communities.

Question: Is the need to ensure access to such information services analogous to the need to expand access to minimal library services when the Library Services and Construction Act was first adopted in 1956?

Answer: The two concepts are not analogous. Although all might agree that some form of library service should be available to everyone, few would agree that the same range of services is necessary in both a major urban resource library and a rural area which utilizes a bookmobile or books-by-mail to provide service.

IMPACT OF OTHER POLICIES

Question: At a time when you are proposing to eliminate Federal library funding, have you also analyzed the effect of other Federal policies, actual and proposed, which would affect library budgets? For example, what would be the impact on libraries of: Elimination of postal subsidies for the 4th class book rate; elimination of general revenue sharing; reduction in the budget of the National Endowment for the Humanities; significant cuts in the Community Development Block Grant; cuts in the Library of Congress cataloging services; elimination of deductions for charitable contributions; increases in the costs of government publications; etc.?

Answer: Although the factors which you mention would have some impact on library budgets, State and local governments have the ultimate responsibility for providing library services to the general population. The Federal Government, especially under the mandates of Gramm-Rudman-Hollings, must be more cognizant of what is considered to be the appropriate Federal role. The Federal budget has its limits, and priorities must be considered.

ADEQUACY OF LIBRARY SERVICES

Question: You have stated frequently that 96 percent of the U.S. population has access to public library services, yet you say nothing about the adequacy or quality of those services. Is it possible that some of your "96 percent" of the population has access only to very small libraries, which may be open only a few hours a week?

Answer: The compilation of statistics from the annual State reports provides us with this access percentage. The quality and adequacy of library services, including the number of hours of library operation, rest ultimately with the community whose choices these are. A small rural library may indeed be open only a few hours a week, but those hours might well coincide with the local pattern of library use.

Question: Have you developed any standards of minimum quality of library services--such as distance of library from patrons, hours available, number of volumes, or annual expenditures per capita?

Answer: State library agencies use such standards as part of their long-range programs to determine the adequacy of statewide library services. These are standards of minimum quality which are developed by the State in the context of the State's library plan. No Federal Government standards are superimposed on these State efforts.

Question: If you have not developed such standards, why not, and how can you argue that there is no longer any need for Federal support of public libraries?

Answer: Our public library programs are funded through formula grants; under these programs, the States develop their own standards. Regarding the need for Federal support of public libraries, we again point out that State and local governments already provide nearly all the funds for the provision of public library services and should now assume full responsibility, in the face of the large Federal budget deficit.

Question: What evidence do you have that State and local governments would assume the financial responsibility for making available quality library services, especially to underserved constituencies such as handicapped or institutionalized persons, without aid under title I of the Library Services and Construction Act?

Answer: Nearly all States now have programs of State aid to local public libraries. Furthermore, the level of assistance has increased by 26 percent in one year, with the total for the year 1985/86 reaching $318 million. We feel confident this support for public libraries, including services for the disadvantaged, will continue.

Question: In particular, what non-Federal sources of support are there for library services to Indian and native Hawaiian populations which now have a Federal set-aside to ensure services?

Answer: Tribes have a rather steady income derived from a variety of income-producing activities, part of which could be directed toward library services. Also, there is some private foundation support, such as that provided by the Bush Foundation in Minnesota, which awarded education grants to several Indian tribes in the States of Minnesota, North Dakota, and South Dakota. Library support is provided through the local public library systems for non-reservation Indian tribes in such States as Alaska, California, New York, and Oklahoma. As for Hawaiian natives, the State of Hawaii provides services through a single statewide library system to all of its citizens, including about 20 percent of the total population counted by the State as Hawaiian natives.

PUBLIC LIBRARY CONSTRUCTION

Question: For fiscal year 1985, how many requests for public library construction aid were denied by the States due to a lack of sufficient funds?

Answer: The latest data available to us relate to the $50 million Emergency Jobs Act appropriation in support of Public

Library Construction made available in fiscal year 1983. There were 1,030 project applications at the State level of which 530 were denied funding. We estimate the same ratio for the fiscal year 1985 grant award process.

Question: What are the total State estimates of need for public library construction assistance?

Answer: The Department of Education does not collect data on the total construction needs of the States. However, an American Library Association survey indicates a long-term demand of about 2,800 public library construction projects costing $2.3 billion for the period 1981 through 1985.

Question: For what specific types of construction needs have the fiscal year 1985 Public Library Construction funds been used? For example, how much went for new construction? How much for renovation to accomodate new technologies? How much for provision of accessibility to the handicapped? How much for asbestos removal? How much for energy conservation or other purposes?

Answer: The largest number of projects in one area was the 59 supporting improved accessibility for the handicapped. There were also 49 energy conservation projects, 49 new construction projects, and 33 renovation projects to accommodate new technologies.

Expressed another way, about 50 percent of the funds were used for remodeling, particularly for improving accessibility for the handicapped, conserving energy, and accommodating new technologies; 25 percent went for construction of new public library buildings; and 25 percent went for other library additions.

Question: What information do you have that these construction needs would be met if Federal aid were not available?

Answer: Programs of State-aid for public library construction experienced a six-fold increase in total dollars appropriated for 1985/86, reaching $55.9 million. These funds are in addition to local efforts.

LIBRARY ACQUISITIONS

Question: Do you have data on the extent to which library acquisitions have risen in recent years?

Answer: Acquisitions of books and periodicals have increased, as data for the past three years indicate. For public libraries, total acquisition expenditures were $358 million in 1982, $363 million in 1983, and $383 million in 1984. For academic libraries, the totals were $535 million in 1982, $583 million in 1983, and $667 million in 1984. Data for 1985 are unavailable at this time.

Question: We understand that the library acquisition price index found that in FY 1983, costs rose by 10.4% for hardcover books and 12.4% for periodicals. What are the implications for such increases on already hard-pressed library budgets?

Answer: We are encouraged by reports of increased use of interlibrary networking and cooperation, which reduce the need for library acquisitions. Another positive factor is the decrease in the average price of hardcover books in 1984, as reported by the American Library Association; the average cost dropped $1.38, or a 4.4% decrease as compared with 1983.

LIBRARY LITERACY INITIATIVE

Question: You have proposed both to rescind in FY 1986 and then eliminate in FY 1987 the new $5 million library literacy initiative program which would be funded for the first time in FY 1986. In your criticism of this new program, you indicated that it is too small to be effective. How would you know that?

Answer: The size of a grant award under the new LSCA title VI Library Literacy Programs is limited by statute to $25,000. The effectiveness of these grants will vary from project to project. However, these small grants are insufficient for coordinating and planning new literacy programs, one of the purposes of this new title. The costs of starting literacy programs include salaries, acquisition of materials, training, and promotion, all of which are higher than those associated with operational literacy programs.

Question: Does that also suggest that you would support a much larger Federal effort to help libraries reduce the level of adult literacy?

Answer: There are many programs throughout the Federal Government dealing with the problem of adult illiteracy; we feel it is unnecessary and unwise to initiate another program in this area at this time. Furthermore, many local libraries have already established programs for adult literacy and others are now being established at a fast rate without the assistance of this new program.

Question: Shouldn't we give a relatively small program which leverages local and voluntary support in the fight against illiteracy a chance? Isn't this the Administration that believes that small is better?

Answer: In addition to our concern about adding a new $5 million program to the Federal budget when we are all trying to reduce the Federal deficit, we are also concerned about the structure of the program. We believe that the block grant approach, which allows State and local governments to determine their own funding priorities, is more effective than this type of small categorical grant program which will make relatively small competitive awards of $25,000 or less to grantees regardless of the size of the institution.

RESEARCH AND IMPROVEMENT

STATEMENT CHESTER E. FINN, JR., ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT

ACCOMPANIED BY:

EMERSON J. ELLIOTT, ACTING DEPUTY ASSISTANT SECRETARY FOR OPERATIONS

RONALD PHILLIP PRESTON, DEPUTY ASSISTANT SECRETARY FOR POLICY AND PLANNING

CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

INTRODUCTION OF ASSOCIATES

Mr. FINN. Mr. Chairman, I am still in my place. Ms. Cichowski is still in her place. To my immediate left is Dr. Ronald Preston, the Deputy Assistant Secretary for Policy and Planning, and acting head of our Office of Research. To his left is Emerson Elliott, the Acting Deputy Assistant Secretary for Operations and Director of our Center for Statistics.

REQUEST FOR INCREASE

I am glad to be back with you with a rather more positive mission than the one I was embarked upon a few moments earlier but I do come before you with a considerable sense of humility. Whereas it was my task a little bit earlier to recommend the termination of a set of activities that we know are popular, at this moment I am urging the expansion of a set of activities that, in the past, have not been very popular at all. [Laughter.]

Moreover, in a year of considerable fiscal stringency, I am well aware that these activities constitute the only major programmatic unit of the Department of Education for which the President is seeking an increase.

REORGANIZATION OF EDUCATIONAL RESEARCH AND IMPROVEMENT

This unit of the Department is now known as the Office of Educational Research and Improvement [OERI]. Two previously well-known units, the National Institute of Education, and the National Center for Education Statistics, no longer exist. Their functions haven't vanished, but they were folded into a totally reorganized OERI last autumn.

The new OERI, as we call it, has five operating units. One of them is library programs, about which we were talking a few minutes ago. The other four are the Office of Research, the Center for Statistics, programs for the improvement of practice, which we call PIP, and information services. These last two units, programs for the improvement of practice and information services, are quite new.

MISSION OF OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT

With this reorganization, we believe that we are in a far better position than we were before to carry out our missions efficiently, creatively, and harmoniously. Those missions constitute the oldest and most central activities of the Federal Government in the field of education. They antedate vocational education. They antedate consumer and homemaker education. They antedate all of the other programs of the Department.

They go back 119 years, to 1867, when Congress created the first Department of Education. This was a wonderful statute, it was only four paragraphs long. With your permission, I will submit a copy for the hearing record.

[The information follows:]

THIRTY-NINTH CONGRESS OF THE UNITED STATES, AT THE SECOND SESSION, BEGUN AND HELD AT THE CITY OF WASHINGTON, IN THE DISTRICT OF COLUMBIA, ON MONDAY, THE THIRD DAY OF DECEMBER, EIGHTEEN HUNDRED AND SIXTY-SIX

AN ACT TO ESTABLISH A DEPARTMENT OF EDUCATION

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, That there shall be established, at the city of Washington, a Department of Education, for the purpose of collecting such statistics and facts as shall show the condition and progress of education in the several States and Territories, and of diffusing such information respecting the organization and management of schools and school systems and methods of teaching as shall aid the people of the United States in the establishment and maintenance of efficient school systems, and otherwise promote the cause of education throughout the country.

Sec. 2. And be it further enacted, That there shall be appointed by the President, by and with the advice and consent of the Senate, a Commissioner of Education, who shall be entrusted with the management of the department herein established, and who shall receive a salary of four thousand dollars per annum, and who shall have authority to appoint one chief clerk of his department, who shall receive a salary of two thousand dollars per annum; one clerk, who shall receive a salary of eighteen hundred dollars per annum; and one clerk who shall receive a salary of sixteen hundred dollars per annum; which said clerks shall be subject to the appointing and removing power of the Commissioner of Education.

Sec. 3. And be it further enacted, That it shall be the duty of the Commissioner of Education to present annually to Congress a report embodying the results of his investigations and labors, together with a statement of such facts and recommendations as will in his judgment subserve the purpose for which this department is established. In the first report made by the Commissioner of Education under this act, there shall be presented a statement of the several grants of land made by Congress to promote education, and the manner in which these several trusts have been managed, the amount of funds arising therefrom, and the annual proceeds of the same, as far as the same can be determined.

Sec. 4. And be it further enacted, That the Commissioner of Public Buildings is hereby authorized and directed to furnish proper offices for the use of the department herein established.

Approved March 2, 1867
ANDREW JOHNSON

SCHUYLER COLFAX,
Speaker of the House of Representatives.
LAFAYETTE S. FOSTER,
President of the Senate pro temp.

SUMMARY OF STATUTE

Mr. FINN. It authorized appropriations constituting salaries for one commissioner and three clerks, and that was the sum and substance of it.

The statement of purpose, which comprised the opening paragraph, described the rationale for the new Department, and it remains the charter of the Office of Educational Research and Improvement today. If I may quote a single sentence from that statement of purpose, it was and is:

> Collecting such statistics and facts as shall show the condition and progress of education in the several States and territories, and of diffusing such information respecting the organization and management of schools, and school systems, and methods of teaching as shall aid the people of the United States in the establishment and maintenance of efficient school systems, and otherwise promote the cause of education throughout the country.

That was the purpose of the Department of Education in 1867, when Congressman James A. Garfield recommended this statute, and it is precisely our purpose today.

EDUCATION REFORM AND THE NEED FOR INFORMATION

If I could recast it in slightly more modern terms, our task is to report honestly and accurately to the American people on what is going on out there in that huge, diverse, and complex world of American education; to ascertain as best we can how things are working, and to supply this information to people who can use it, if they are so inclined, to make things work better.

These are deeply practical purposes, and they have never been needed more. American education is a $260 billion enterprise, involving roughly 60 million people, as students, teachers, and professors. The Federal Government has a sizable investment in this enterprise, but, of course, the national interest transcends the Federal interest.

Because this education system is so decentralized, and so diverse, it is not easy to keep track of it, to understand it, or to stay informed about it. There is a vast amount that is not understood about it, and this ignorance is a handicap.

The Nation is in the midst of a major education reform movement. This reform movement is part of why we are here today. OERI is the only part of the Department of Education that keeps close watch on these reforms across the country, reforms that demonstrate that something is wrong out there, that the American people are not satisfied with the quality of their education system, and that they would like it to perform better.

We believe the American people want and deserve better information.

Senator WEICKER. That is why you want to close out the libraries.

Mr. FINN. Libraries are an important repository of information, but education per se is only one of the subjects that they have collections on.

We believe that Congress wants better information about how American education is doing, and that educators want it as well.

Furthermore, we think that these reforms that are underway in almost every State in the country deserve study and evaluation and explanation, and that people should be told what seems to be working and what doesn't, and why. They need this in order to make wiser decisions of their own.

We don't offer you any magic cures for what ails American education, merely the promise that good information will help others devise their own cures. We offer you no social engineering schemes. We offer you no experiments. We just offer you good information about what is already going on, and how it is working and why.

THE NEED FOR INCREASED FUNDING

This is a hard time, as I said a moment ago, to request an increase, but this request bespeaks the Secretary's and the President's conclusion that providing useful, valid, timely information is one of the top priorities of the Department.

Furthermore, I respectfully suggest that it is a good investment and an economical one. OERI represents less than one-half of 1 percent of the Department's budget, 0.46 percent to be precise, in fiscal year 1987 as submitted. Even at that, these resources have eroded badly over the years.

A careful study now underway in the GAO points out that between 1973 and 1984, while the Department's total budget was growing 180 percent in current dollars, the research functions of the Department shrank by 45 percent. The statistics function did about the same.

Mr. Chairman, at this point in our history, we simply cannot provide the American people with a steady supply of reliable, current information about American education, while also honoring our other commitments, without some increase in our resource base.

I could give you a long list of things that we think we should be doing, but are failing to do satisfactorily at the present time. Indeed, with your permission, I will submit for the record our own account of some of our shortcomings just on the statistics side of our operation. It is deeply worrisome to me and to my colleagues.

[The information follows:]

Assessing Data Gaps, Quality and Timeliness:
The Need to Repair the Data Base

Policymakers and citizens are increasingly asking questions about what they are receiving for their education dollar. Unfortunately, all too often the data to answer these questions are old, of questionable quality or just not available. Glaring examples of this include the latest data on the number of classroom teachers by teaching field are from 1979-80 and the basic data on enrollments, staff and diplomas are not comparable State-to-State due to differing definitions. And, as can be seen in the following matrix, the present statistical system seriously fails to provide answers to many of these questions even in rudimentary form for any level of education:

	Preschool	Elementary	Secondary	Postsecondary	Out/School
Who is being taught?	Some	Some	Some	Some	None
What is being taught?	None	Minimal	Minimal	Minimal	None
How is it taught?	None	Minimal	Minimal	Minimal	None
By whom is it taught?	None	Minimal	Minimal	None	None
What is being learned?	None	Some	Some	None	None
Who is providing it?	None	Adequate	Adequate	Adequate	None
What does it cost?	None	Minimal	Minimal	Some	None
Who completes?	None	None	Some	Some	None
How effective is it?	None	None	Minimal	Some	None

Who is being taught?

General characteristics are available from the October Current Population Survey and the Census for those attending "regular" schools. However, vocational training and out-of-school education are not included. General counts of those served in elementary/secondary and postsecondary schools are available from administrative records (Common Core of Data, or CCD, and Higher Education General Information System, or HEGIS). A major problem is the lack of linkages among the various data collections that would allow information from one to be explained in the context of another.

What is being taught?

Information on curriculum content and course offerings are essential context variables for what is being learned. The only data available in this area are secondary course offerings in 1972 and 1980, and postsecondary course-taking patterns in 1984 in conjunction with High School and Beyond. Present plans do not call for repeating them until 1992. Except for an Association for Supervision and Curriculum Development conducted survey at the elementary level in 1984, there are no national data on curriculum content at any of the levels of education.

How is it taught?

In the areas of teaching methods, contact hours, homework assigned, teaching aids, limited data are available at the elementary and secondary levels from longitudinal studies, National Assessment of Educational Progress, the Public School Survey and the Second International Mathematics Study. There is no similar information at the preschool or postsecondary levels to describe the process of imparting learning.

By whom is it taught?

The teacher and teaching have emerged as fundamental issues underlying current efforts to reform education in the United States. A Nation at Risk devotes an entire set of recommendations to teaching. The recommendations are intended to improve the preparation of teachers and to make teaching a more rewarding and respected profession in order to increase student learning. The number of teachers and other professional staff by field were last collected at the elementary/secondary level in 1979-80. Data on the number of employees by types of position at the postsecondary level were collected periodically through 1976. More detailed data on certification, teaching assignments, time-on-task, in-service training, and pay incentives have been collected on teacher supplements to longitudinal surveys and the 1985 Public School Survey. Unfortunately, even with these data we know very little about teachers at any level, where they come from, why they chose teaching as a career, their qualifications, their career patterns, why they stay, why and how frequently they leave, working conditions, compensation, etc.

What is being learned?

NAEP testing has become the indicator of what our children are learning. International studies have provided a means of comparing what they are learning with other nations. Longitudinal studies add another dimension with their tests for cognitive growth. However, this area is receiving much demand for expansion. There are many options for such expansions but two areas where testing is most often called for are school readiness testing and college achievement testing.

Who is providing it?

Relatively good information is available about providers of "traditional" elementary/secondary and postsecondary education from CCD, Private School Surveys and HEGIS, and these data will be expanded in the next few years to include additional information on enrollments by grade and programs offered for elementary/secondary schools and to cover the complete postsecondary universe through the Integrated Postsecondary Education Data System. However, there are no national data on providers of preschool education or out-of-school education nor information on other emerging schools such as "for profit" after-hours elementary/secondary schools.

What does it cost?

At the elementary/secondary and postsecondary levels, only skeletal information on school finance is collected. It is not suitable for determining what education money buys in different States and Local Education Agencies, what amounts are spent and prices paid for particular kind of resources (e.g., instructional staff) in different places or at different times, what amounts are expended for different levels or types of instruction or on behalf of different categories of students, and the relationship of the revenue base to the revenues generated.

Who completes?

Retention and dropout rates receive high visibility. Yet, information on who leaves and who stays is very limited. At the secondary level, Census Bureau and Labor surveys give some information. At the postsecondary level, additional information is provided by the Recent College Graduates Study. With the National Education Longitudinal Study of 1988, detailed information on the majority of dropouts will be available (but not until about 1993). At the postsecondary level, the same type of study is needed to determine what affects persistence and the effects of student financial aid.

How effective is it?

How effective education is can be measured in many different ways: comparative salaries; stability of employment; quality of life; effects on parenting; etc. Longitudinal studies and Labor Department data are the primary sources for this information. Unfortunately the former are infrequent and the latter do not contain the detail required to continually assess outcomes. Additionally, there is no adequate measure of the literacy of the population at the present time, a measure needed to track the effectiveness of our education system.

NOTE:

A third dimension to the matrix which is not shown is level of analysis. Ward S. Mason, in a statement written for the Elementary/Secondary Redesign project, states that, "We want national data because we need to know as a nation what the quality of our education system is, but we do not have a national system of education. The data system must be designed to be useful to State and local policymakers as much or more than national leaders." State and local level data are essential if the data are to be used by State and local policymakers. Unfortunately, most of the information we have lacks this dimension.

USE OF THE INCREASE

Mr. FINN. What will we do with the additional money that we are talking about, which constitutes about $13 million if you look at the post-Gramm-Rudman-Hollings sequestration level for fiscal year 1986, or about a $10 million increase if you look at the 1986 appropriation?

All four of our units have plans. The budget submission explains a number of these. Let me highlight just a few of those that we think are especially important.

In our Center for Statistics, where the largest increase is sought, we hope to do something about some of our terrible data gaps. For example, we don't have decent teacher supply and demand data. We cannot tell you with confidence, nor can anyone, whatever they may claim, how many teachers this country is going to have to hire for its schools 3, 4, and 5 years from now.

We have several projects underway to rectify this kind of shortage, but at the moment the shortage of data exists.

We have in this country the beginnings of good national assessment data on such things as whether children are learning reading and writing, but we cannot tell you today whether American children are learning algebra, or chemistry, or geography, or history. We can't tell you today how the children of Connecticut are doing compared to the children of Iowa with respect to any of these subject areas or basic skills.

We need a major redesign of the national assessment apparatus, and that would comprise a substantial part of our activities in fiscal year 1987 if we have additional resources.

In our Office of Research, where we are asking for the second largest increase, we are mounting a major project, in fact, two of them, to monitor, describe, and try to evaluate State education reforms that are underway all over the country.

We are beginning to design some instruments that colleges and universities could use if they liked, to give to their sophomores, to find out whether the college students are, in fact, acquiring the general education that many colleges say they are teaching them. This cannot be appraised satisfactorily today.

We are also trying to learn a lot of things about teachers and teaching, such as whether what makes a good English teacher effective is the same as what makes a good science teacher effective, and what are the circumstances of schools where teachers are most effective.

We are also trying to find out what those State teacher tests are actually measuring.

In our programs for the improvement of practice unit, we have a multipart project, which we call partnerships with practicing educators, where we are going to develop a network of urban superintendents whose school systems are particularly good at preventing dropouts.

We are going to try to identify exemplary programs for training and retraining school principals and other administrators. We are also going to continue to run the secondary school and elementary school recognition programs, and we are going to continue to work with our regional education laboratories, and carry out a major evaluation of their performance.

Finally, in information services, where the basic task is to take all of this information and try to make it understandable, useful, and accessible to all sorts of people, we have established an 800 number that people can call from anywhere in the country. For the record, it is 800–424–1616.

In order to provide better information on education research and statistics, we will try to take the huge information base in the ERIC system and make it available for use on microcomputers. We are trying to distill research findings into short, clear publications.

We are assisting a variety of education associations and professional groups with their own information needs, and we are trying to link up our own education research library with other major education research libraries across the country so that they can serve each other better.

A very important general point here is that we would like to bring an 1867 function into the late 20th century by using electronic as well as print mechanisms for supplying and retrieving information.

I have undoubtedly taken up too much of your time, but we are very enthusiastic about these plans, eager to get on with them. I know resources are tight. I will simply close with the observation that in our view there is no more important set of activities in the Education Department.

PREPARED STATEMENT

Thank you very much for your patience. We would be pleased to take questions.

Senator WEICKER. Thank you. We will place your statement in the record and then go on to some questions.

[The statement follows:]

STATEMENT OF CHESTER E. FINN, JR.

We appreciate the opportunity to appear before you to discuss the 1987 budget for education research and improvement.

Fiscal Year 1987 Budget Request

For 119 years, the government has gathered statistics on American education. The information we've accumulated has helped paint a portrait of the nation's education system -- one showing the size, nature and quality of our schools. During much of this period, we have also conducted other kinds of research. While the researcher in the medical laboratory attempts to find a cure for cancer, our researchers look for ways to improve American education. We try to learn what works and what doesn't work in our schools. During more than a century of effort, our goal has been simple -- to help build the finest educational system possible.

Following in that long tradition, I come before you today to request on behalf of the President the resources necessary to strengthen and carry out these functions. We are asking in fiscal year 1987 for $70.2 million for research and statistics projects. That compares with $57.4 million that is available for activities this fiscal year, after the mandatory reduction required by the Gramm-Rudman-Hollings law. We have also submitted legislation to reauthorize our research and statistics activities beginning in 1987.

Although on the surface, this $12.8 million increase appears noteable during a period of fiscal restraint, it is important to understand that, since 1973, budget cuts have been disproportionately higher for research and statistics than for the Department of Education as a whole. From 1973 to 1986, budget authority for research and statistics fell from $117 million to $57 million, a 51% decrease. This decline in our research and statistics investment has occurred at a time when research and statistical information is becoming more and more important in finding ways to address critical educational policy and fiscal issues.

Our request, then, for a $12.8 million increase is, in fact, a proposal to recoup a tiny fraction of the major erosion in research and statistics funding we have experienced over the years.

From our $70.2 million request, we propose to use $24.8 million for the Office of Research, $19.1 million for Programs for the Improvement of Practice, $18.3 million for the Center for Statistics and $8 million for Information Services.

This proposal amounts to barely one-half of one percent of the Department of Education's total budget. But it represents a crucial investment in our efforts to achieve excellence in American education.

Center for Statistics

Of all the Department of Education's work, that done by the Center for Statistics is the most fundamental. It dates back to 1867. Its name has changed several times but its mission has remained the same -- to gather statistics on the condition and progress of American education. Today, however, the Center's data has the worrisome symptoms of a sick patient.

Some of its surveys are alarmingly outdated. Recently, a group of researchers asked the Center for State-by-State totals on school enrollment. They had to make do with 1983 figures. But they were luckier than the people who needed statistics on teacher training and salaries. In that case, the Center's most recent numbers were from 1980 and 1981.

Since Secretary Bennett appointed me, we have been laboring mightily to speed this patient on the road to recovery. For the past year, the U.S. Department of Education has gathered advice from numerous outside experts on how to improve its statistical collections. We are actively studying their recommendations and preparing to put them into practice. The result will be information that's more timely, accurate, comparable and useful.

In other words, we believe we have located the causes of our maladies; all we need now is the medicine -- priced at $18.3 million -- for recovery.

We plan to devote $2 million of that amount to update the archaic way we collect elementary and secondary data on everything from school enrollments to administrative leadership. The new system will use statistical sampling, computer responses where possible and other technologies to speed information from the field to the Center.

We estimate that between now and 1992, more than a million teachers must be found for our classrooms. To provide data on that need and how we are meeting it, about $1.7 million will be used for teacher surveys, as part of our redesigned elementary and secondary data system. Such surveys will allow us to project to geographic areas and school subjects where teachers will be in short supply. We will also gather information on why teachers are choosing to enter and leave the profession.

Another $1.5 million will allow us to fully implement a new system to collect postsecondary statistics. The new program, to be called the "Integrated Postsecondary Education Data System," will consolidate several other surveys into one that will provide much more comprehensive data.

About half the $18.3 million will be used to help us improve the way we track how much students learn. I think of this as qualitative data. We will use the National Assessment of Educational Progress (NAEP) as one means of measuring student achievement and a new National Education Longitudinal Study (NELS) as another means. We will also fund efforts to compare the academic progress of American students with that of pupils in other countries. And we plan to encourage more comparable data State-by-State that will inform legislators and other decision makers who try to make education achieve higher standards of quality.

In addition, about $3.4 million will be used to maintain our "core" activities -- such as collecting data for our annual publication, The Condition of Education, which summarizes education statistics. We will also be gathering information for other basic education indicators and projections, and will continue the development of a new vocational education data system.

The Center for Statistics data collections are still in serious condition. But with proper medicine, we believe the prognosis is excellent for total recovery.

Office of Research

Turning to the Office of Research, we find an agency supporting systematic studies to improve education. Much still needs to be learned, however, if we are to achieve educational excellence. Sound research can answer important questions that make a difference in the ways schools and colleges function.

Of the $24.8 million sought for the Office of Research, $17.3 million would be used to fund the nationwide network of university-based educational research and development centers.

The centers will concentrate their research on subjects like student testing, evaluation and standards; teacher education; bilingual and second language education; educational technology; school effectiveness at both the elementary and secondary levels; reading and writing; and State and local policy development.

An additional $5 million would be set aside for new projects. These activities would involve studying early childhood education, teaching and learning, characteristics of effective school administrators and the costs and benefits of particular kinds of postsecondary education.

We also want to learn what skills, training and temperament teachers need to be most effective in various subjects and grade levels.

And we need to know more about educating disadvantaged children: How do their learning needs differ? What instructional strategies work best for children from low-income families?

In addition to funding for the centers and the new initiatives, approximately $2.5 million would be devoted to continuing activities begun before FY 1987 including studies of working conditions and the life of teachers in schools as they are influenced by school improvement changes, and several higher education studies including: an examination of higher education curriculum and student learning; long-term career outcomes of liberal arts majors in comparison to professionally- and occupationally-oriented majors; and the development of a broader range of higher education indicators than we now have for reporting on trends in higher education. We will also continue some other projects, including the Small Business Innovative Research program, and a contract exploring State legislative policy effects on education. Both our new and continuation activities will include some field-initiated research.

Programs for the Improvement of Practice

Programs for the Improvement of Practice (PIP) is in good hands -- as are all of our divisions. PIP is headed by Dr. Milton Goldberg, former executive director of the National Commission on

Excellence in Education. In 1983 that group gave the country the landmark report A Nation at Risk. The findings shocked the country into realizing that we were facing a "rising tide of mediocrity in our schools." Like few documents before it, A Nation at Risk helped launch the current educational excellence movement.

Under our proposal, Dr. Goldberg's staff would work with $19.1 million. Of that sum, $17 million would fund the nationwide network of regional laboratories, $1.1 million would support development and demonstration of effective research-based teacher education programs, and $1 million would be used for promising studies, analyses and the involvement of educators in school reform activities.

During the past 18 months, national competitions led to a network of nine educational laboratories that now serve every region of the country. Lab officials are supposed to work closely with State and local educators in their respective areas to improve education.

The laboratories have contractual obligations to assist teachers, administrators, policymakers, and the public in a variety of ways: they are to develop programs to find out how to improve teaching; summarize research findings and make them available in useful forms; develop training materials; provide technical assistance to schools and other educational organizations; and offer workshops and seminars for groups of teachers and administrators.

Information Services

We are requesting $8 million for the Information Services program. Of that, $5.7 million will sustain funding of the Educational Resources Information Center (ERIC). ERIC is the world's largest computerized education information service. This national resource contains invaluable information on all sectors of American education -- especially curriculum, teachers, students and the effects of different educational practices.

We are now looking for ways to update ERIC's technology so that a larger and broader audience has access to it.

We will encourage use of our newly established toll-free telephone line so that teachers and the public can receive accurate and useful material from OERI much faster.

New funding will allow Information Services to develop publications that translate educational research into understandable English. These materials will be distributed through newsletters, journals and State and local institutions. They will enable parents, teachers, policymakers and the media to better understand current research findings, trends and issues.

One example of how we intend to spread our information is the recent publication, What Works. This highly successful booklet was released by the President in a White House ceremony in early March, 1986. It contains 41 different research findings for parents and teachers on how to help students learn better. In the two weeks following release of What Works, we received 6,042 calls -- approximately 100 per hour every day. We anticipate similar projects in the coming year.

Mr. Chairman, let me note here, for the record, that What Works is also an example of a kind of joint collegial effort across OERI that I expect to repeat in the future. In this case, the publication was developed and drafted by Dr. Goldberg and his Programs for Improvement of Practice staff in conjunction with Information Services, based upon the knowledge of staff in the Office of Research, data from the Center for Statistics, and the expertise of outside consultants. It was a clear demonstration that OERI can perform invaluable service to the American public on behalf of education.

Conclusion

In conclusion, the proposal I've outlined is a blueprint to help continue the educational excellence movement. The research, statistical, practice improvement, and information services activities I've discussed offer towering potential for strengthening American classrooms and improving education. The increased funding that the President is requesting will be well spent.

My thanks to the committee. My colleagues and I will be glad to answer any questions that you may have.

RESPONSIBILITY FOR DISCRETIONARY FUNDS

Senator WEICKER. Let me ask a few questions about something else here.

I am correct in understanding that you are directly responsible, Dr. Finn, for administering not only the Department's research and statistical activities and the library program, but also the Secretary's chapter 2 discretionary funds. Is that correct?

Mr. FINN. The discretionary fund staff is located organizationally in the Office of Educational Research and Improvement, and we supervise its management. The policy for discretionary funds is made by the Secretary and his colleagues.

Senator WEICKER. The memoranda I have are always signed by you.

Mr. FINN. I sign off on those documents, yes, sir.

PEER REVIEW PROCESS

Senator WEICKER. Since this is a good time with you here, why don't you indicate to me exactly what you use as criteria to overrule the peer review process. I noticed in the choices made some rather low ranking applications being included in the top 34.

Mr. FINN. As I recall, you had part of that conversation with the Secretary and the Under Secretary the other day.

Senator WEICKER. That is right.

Mr. FINN. The peer review process in the Department of Education is of absolutely fundamental importance, and we use it throughout the Office of Educational Research and Improvement in almost everything we do. In fact, we are expanding the use of it.

Senator WEICKER. Nobody is arguing against the peer review process.

Mr. Finn. That is correct.

Senator Weicker. We are arguing about your override of the peer review process.

Mr. Finn. Sir, the peer review process is advisory, it is not decisive in the Department of Education, and that is true throughout the Department. We ordinarily take the recommendations of peer reviewers in research projects.

The Secretary's discretionary fund used the peer review process to evaluate a number of very different kinds of projects. Unlike a single competition for a single kind of project, where you are evaluating essentially identical contenders to do the same thing, these projects are in their essence very different one from another, and different panels of peer reviewers read these proposals. It is a classic apples and oranges and grapes and bananas situation when you get proposals into a discretionary fund, which is an open competition for people from all around the country to propose to do many, many different kinds of things.

It is simply unreasonable to suppose that a single peer review process is going to yield up a uniform rating for projects as diverse as these proposals. The Secretary applies his own priorities and criteria, as well as the ratings of the peer reviewers, in making these judgments. In my view, they are a good bunch of projects.

Senator Weicker. In other words, what you indicate to me is that there could be reasons other than geographical to override the peer review process. Is that correct?

Mr. Finn. The peer review process is advisory to the Secretary in the Department of Education, and one of the criteria that he is also expected to weigh is geographic diversity.

NEWSLETTER ON EDUCATIONAL CHOICE

Senator Weicker. Let me ask you one question. I notice that one of these applications that you agreed to was the newsletter on educational choice proposed by the Clearinghouse on Educational Choice, which is ranked 25th. I suppose that the thing that struck my eye on it was that the editor is a Thomas Ascik. Is that right?

Mr. Finn. Yes; I have seen a couple of issues of the publication, so I guess that it is correct.

Senator Weicker. Who was employed in the Department of Education from 1981 to 1985, and yet the proposal is dated in 1985. How does that strike you?

Mr. Finn. Mr. Ascik left the Department's employ at some point in 1985. We can supply the exact date for the record, and we would be happy to do so.

[The information follows:]

Employment of Mr. Ascik

Thomas Ascik left the employ of the Department of Education on July 17, 1985.

DISCRETIONARY FUND PROPOSALS

Mr. FINN. Proposals for the discretionary fund were coming in right up until very late in 1985, or at least late in the summer. We can match up the dates, if you like. I recall the proposal, and I have seen the newsletter that has eventuated. I think that it is a creditable piece of work, the newsletter, and it does what the proposal said it would do. It keeps people informed around the country about developments in the field of educational choice.

Senator WEICKER. I am not getting to that particular subject matter. I was inquiring as to his status with the Department at the same time that the proposal was being made for a grant, and then he received that grant.

Mr. FINN. I am reasonably confident that he had left the Department long before the proposal was funded.

Senator WEICKER. It certainly wasn't long before because he was with the Department in 1985, and the proposal is dated August 1985. So there is not much of a time gap here.

Mr. FINN. Sir, I arrived in June as a consultant, and I was confirmed as Assistant Secretary on July 19. He was gone by then; he wasn't there at the end of July.

Senator WEICKER. I think that there is no point in going into all of the aspects of the grants. I just think that it is very interesting to note that the peer review process is violated very consistently in the choice of those who got grants, including an addendum even after the grants had been given, there were two more, one to the Institute for Liberty and Community in Concord, VT, which was ranked 85th, and then another one at New York University, and I gather that is your favorite Mr. Vitz who is going to get another grant, which was ranked 94th.

Mr. FINN. I am not sure why you are saying that Mr. Vitz is my favorite, but I think that project is actually Herbert London's project at New York University, although I could be mistaken.

Senator WEICKER. Senator Harkin, do you have any questions?

Senator HARKIN. No, Mr. Chairman; thank you very much.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. There will be further questions for response to the record.

I would not plan on disbanding your libraries unit. I have a feeling that, regardless of the zero funding, it will still be in operation.

Mr. FINN. If it is in operation, we will run it very well.

Senator WEICKER. I am sure.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

ORIGINAL BUDGET REQUEST

Question: What was the original budget request you submitted to the Department, and what did the Department request of OMB?

Answer: In developing the 1987 budget, the Secretary instituted a formal planning process to consider funding and programming issues in all major programming areas. This process began in June 1985 with a request of all Assistant Secretaries and other senior officers responsible for Department programs to submit recommendations reflecting their funding and programming priorities within three overall planning levels. In general, these levels, established by the Secretary, were (1) the 1987 estimate which had been included in the President's Budget for 1986, (2) the 1986 Senate Budget Resolution, and (3) the 1986 Senate Budget Resolution plus five percent.

This formal planning process included written submissions to the Secretary describing priorities under the various policy options, personal meetings with the Secretary during the summer to discuss each Assistant Secretary's priorities and plans, and much consultation at the staff level. Thus, the Secretary had available a wide range of budget alternatives--rather than a single specific request for each program--with which to develop his budget.

After deliberating on appropriate funding and programming strategies in light of the Secretary's overall priority to serve educationally and economically disadvantaged and handicapped children, the Department's September 1985 request to OMB for Education Research and Improvement was $74 million. The final President's Budget of $70.2 million, which was transmitted in February 1986, reflected further savings necessary to meet the new, overall budget deficit targets established by the Gramm-Rudman-Hollings legislation.

INCREASE FOR RESEARCH AND IMPROVEMENT

Question: The largest single increase in the proposed education budget is in the area of "research", where you are asking for a 19% post-sequestration increase. This is in the same budget which seeks an overall cut of about 14% (post-sequestration). Please explain how you can justify an increase of this type in light of the other reductions and eliminations of ongoing direct service programs that work (i.e., handicapped, Pells, libraries, vocational education, etc.).

Answer: Secretary Bennett has indicated that this Department has no function more important than the production of high-quality research and accurate information about the condition of all levels of American education from elementary through post-graduate. Indeed, the President, the Secretary, and I are firmly committed to strengthening the Department's research capability in order to produce data and studies that will be useful to parents, teachers administrators, scholars, and legislators, as well as the Department itself.

We are in the midst of a national reform movement in education, and the need is now greater than ever to provide honest and accurate information about what is going on and what is and isn't working and why. Not only is this a good investment but also an economical one: Our total request represents less than one-half of 1 percent of the Department's total fiscal year 1987 request--an infinitesimal fraction of the Nation's $260 billion educational enterprise.

TOLL-FREE HOTLINE

Question: Tell us about your toll-free hotline, Dr. Finn. What is its purpose? How heavily is it being utilized, and for what type of information? What is its annual cost?

Answer: Our Education Information Branch serves as the focal point for receiving, referring, and responding to requests for information about education statistics, research, technology, and practices. To facilitate such requests for information, particularly in view of the surge of inquiries upon publication of "What Works", the toll-free number was installed. Typical users of the 800 number include the Congress, State and local governments, educational organizations, school districts, the press and the general public. In the single month of March 1986, we handled over 7,100 requests for information on the 800 line, most of which were for information about "What Works." The other typical requests for information deal with student financial aid, interpretation and limitation of statistical or research data, publication availability, and funding opportunities. The annual cost for the 800 number is approximately $15,000.

PUBLIC VERSUS PRIVATE EDUCATION

Question: Dr. Finn, approximately what percent of the Nation's school children attend public schools? What percent attend private schools?

Answer: About 87.3 percent of elementary/secondary school children attend public schools. The balance, 12.7 percent, attend private schools.

Question: We understand that most of your recent appointments to the Research and Improvement staff have had little or no public education background but considerable experience with private education. Further, many of the policies you vigorously support, i.e., tuition tax credits, vouchers, interjecting religion into the classroom, seem to be at cross purposes with our system of public education. What assurances can you give that your "improvement" efforts are not actually attempts to destroy our system of public education?

Answer: The mission of the Office of Educational Research and Improvement (OERI) is to collect various types of information on the condition of all of American education and disseminate this information to the American people. In doing so, OERI will be responsible, fair, and objective.

Our dissemination efforts as they relate to improvement are directed toward providing information to all aspects of the American public and the American educational community on the positive as well as negative dimensions of current educational reform and practice. It is not our intention to foster or engage in any type of social experimentation or manipulation. Neither have we even the remotest desire to destroy the public school system. We support policies that will improve all of American education, almost 90 percent of which today takes place in public schools. Our recognition programs have supported and singled out for public praise exemplary public schools and public school practices. So have our recognition programs directed to exemplary principals and teachers. This will continue to be the case.

I want to comment briefly on your remarks regarding recent staff appointments at OERI. It is simply untrue that most of the recent appointments have little or no public education background. We have a superb staff, as diverse as they are competent.

The Deputy Assistant Secretary for Policy and Planning is Dr. Ronald Preston. He has an extensive background in education, policy development, research, and the legislative arena. He came to OERI after serving almost six years on the staff of the Senate Committee on Labor and Human Resources.

The Director of the Center for Statistics is Emerson Elliott, who also serves as the Acting Deputy Assitant Secretary for Operations. Mr. Elliott has had a long and eminent career--almost twenty years--in the Federal service, and his mangement expertise is a tremendous asset to OERI.

Dr. Anne Mathews is the Director of Library Programs. Dr. Mathews' background reflects a lifetime of scholarly productivity as well as administrative excellence. She is also a highly qualified librarian. For the past 15 years she was on the staff of the University of Denver.

Dr. Milton Goldberg currently directs the Programs for the Improvement of Practice. Dr. Goldberg directed the Department's publication A Nation At Risk as well as the Secretary's excellence initiatives.

Mr. Jim Bencivenga is the Director of Information Services. Previously, he was the education editor of the Christian Science Monitor. In that capacity, he covered education topics across both sectors and on many topics.

Dr. James Capua is the Director of the Secretary's Discretionary Fund activities. He has extensive experience as a grantor within the field of education while at the Institute for Educational Affairs.

Dr. Sally Kilgore will arrive in May as Director of the Office of Research. She is joining us from the Department of Sociology at Emory University. She has also worked with Dr. James Coleman. Dr. Kilgore is a highly respected researcher in the field of education.

Dr. Bruno Manno has just been brought on board as OERI's Planning Coordinator. Previously, he was Research Director of the National Catholic Education Association, and he has extensive experience in research and planning in the private sector. He had also worked with public school associations.

There are others worthy of note. I simply wish to make the point both that I am proud of my staff and that this question, as phrased, suggests something utterly unrelated to the facts.

LABS AND CENTERS

Question: Within your research and improvement activities fall the network of regional educational laboratories and research centers. These labs and centers have enjoyed the support of Congress at times when others in the Department would see them dismantled. How much of your budget was spent on labs and centers for FY 1985, FY 1986, and do you plan to spend in FY 1987?

Answer: In fiscal year 1985, OERI made awards to the labs and centers totalling $31.3 million, which included $1.3 million for planning grants and review costs associated with the competition. In fiscal year 1986, awards will be made totalling $28.7 million, which represents a $30.0 million funding level minus the 4.3 percent Gramm Rudman Hollings sequester. This outlay to labs and centers represents almost exactly half of the entire research and statistics budget, a proportion that has grown steadily over the years.

Our fiscal year 1987 request for the labs and centers is $30.0 million.

Question: How does the Department plan to use the labs and centers to promote the Secretary's school improvement and leadership agenda?

Answer: In FY 1986, ten new educational research and development centers were selected after an intensive set of competitions and peer review procedures. These centers, in conjunction with several other institutions already supported, will form a new nationwide network of research activities intended to increase knowledge about education. Although the individual missions of the centers differ, they share a common goal which is to improve and strengthen American education. One of the most important functions of the centers will be to exercise leadership in educational research. The centers will lead the way toward improvements in teaching and learning by enlarging knowledge and understanding about education, and by disseminating promising findings.

Among the centers that will contribute to the Secretary's school improvement and leadership agenda are the Center on Effective Elementary Schools at Johns Hopkins University, which will investigate the factors that contribute to effective elementary and middle schools; the Center on Effective Secondary Schools at the University of Wisconsin, which will study factors contributing to effective secondary schools; and the Center on State and Local Policy Development and Leadership in Education at Rutgers, The State University of New Jersey, which will conduct research and provide information to State and local leaders on effective means of governing, financing, planning and administering the American educational enterprise.

Centers will also conduct research on teacher education; learning; writing; student testing, evaluation and standards; education and employment; postsecondary management and governance; and postsecondary teaching and learning.

Much of the work of the regional laboratories in FY 1986 will address Department priorities. For example, activities range from assisting rural schools in developing appropriate course content to improving K-12 science curriculum to gaining a better understanding of the demands that different content imposes on early readers. All of the laboratories will engage in projects that deal with teacher improvement. Several projects address students-at-risk and include emphasis on underserved populations (e.g., Indian and rural youth) and drop-out problems. Projects will focus on such things as types of technical assistance needed by schools that have high drop-out rates, remediation for students-at-risk because of poor performance on State proficiency tests, and characteristics of effective environments for high-risk students.

All of the laboratories are supposed to engage in projects that address the effectiveness of instruction, classroom management and teaching practices, as well as leadership development in elementary school settings. As required by the contracts under which they will operate, all of the laboratories have projects designed to assist State and local educational leaders to apply high quality research-based information to their efforts to develop and implement policies for improving education. All of the laboratories will likewise conduct synthesis and dissemination activities on a range of topics that cut across virtually all priority areas. Database activities include collecting and synthesizing information on how States collect and interpret educational data, identifying characteristics of State educational systems, national and regional educational trends, and adapting current information bases to the specific needs for data on effective schooling.

I don't know how successful the labs will be, but for our part we'll do all we can to maximize their success in carrying out these missions.

OERI-ADMINISTERED ACTIVITIES

Question: Dr. Finn, am I correct in understanding that you are directly responsible for administering not only the Department's research and statistical activities and library programs, but also the Secretary's Chapter 2 discretionary fund?

Answer: That is correct. However, I would emphasize that the Secretary provides policy oversight for the Secretary's Discretionary Fund, while the Office of Educational Research and Improvement is responsible for its administration.

PEER REVIEW

Question: As we discussed with Secretary Bennett last week, we have various memos you wrote to staff at the Department in which you seemed to ignore the "peer review process" which ranked submitted proposals for the content, character, and choice competition of the Department. In administering the Department's research program, what sort of peer review system do you plan to employ? Will it be much the same as the one you used in the Chapter 2 competition where you decided to fund many proposals that ranked far down on the list?

Answer: In its simplest and most general form, the use of external peer review involves obtaining advice about a decision. This advice is solicited from persons who have no direct stake in the outcome of the decision. Nevertheless, they do possess relevant perspectives, expert knowledge, or pertinent experience. Their advice, therefore, does have special value.

The Chapter 2 competition used outside reviewers, but not in precisely the same manner as our Research and Development Center competition. In the case of the latter, a two tiered process was used. The first panel was composed of a more technical group of experts. The second panel did have some technical experts but included other viewpoints, e.g., a State legislator, a college president.

Question: Please provide the Committee with details about the peer review process you utilize in the Office of Educational Research and Improvement.

Answer: Central to the notion of peer review in OERI is the conviction that reviewers should be drawn from all the constituencies and audiences of OERI, not just from the academic community. For example, it is desirable and legitimate for OERI outside reviewers to include parents, teachers, principals, and other school practitioners. In addition, elected and appointed officials from State and local governments, journalists and social critics, business and labor leaders, authors and analysts, and librarians and library users are all potential members of peer review panels. Each peer reviewer, however, is to be a leader in his/her field.

In short, peer reviewers are experts with credentials wrested from academia as well as experts with credentials wrested from the school of experience. What unites this diverse group from different walks of life is the fact they are all eminent and distinguished individuals who have the ability to make significant contributions to the OERI peer review process.

CHARACTER EDUCATION

Question: Last year, you and the Secretary awarded $2.6 million for "competitive" discretionary projects in the area of content, character and choice. Now we see that in your FY 1987 research budget, you are placing a high priority on further activities such as "How youngsters acquire values and character." How much of your FY 1987 budget would you spend on studies of character development and values?

Answer: Whether they intend it or not, schools impart a great deal more than the three "R"s. Students learn many implicit and explicit lessons regarding values, self discipline, human relations and a host of things that can be summed up as character development. Studying what schools are doing in this arena is as important as studying what they are doing to improve basic skills. Although there is much debate over how overt or extensive or systematic instruction in "character" should be, character development is, implicitly at least, an inevitable and legitimate aspect of education. We have requested $400 thousand in FY 1987 for a grants program whose subject will be greater understanding of current practice in schools and other character-shaping institutions regarding such things as honesty, generosity, duty, diligence, honor et al. It is a broad subject, and we do not intend to limit it in advance. Our primary concern will be that the grantees provide thorough analyses of actual practices and their consequences for character development. This is not, per se, a search for exemplary programs or proposals, but rather an investigation into current policies and their effects. Grantees are expected to span a wide range of disciplines and research perspectives.

Question: Didn't you just spend $2.6 million to fund a study of the same things?

Answer: Not really. First of all, only nine of the thirty-four grants made with the $2.6 million went to projects whose focus was character. Secondly, the Secretary's discretionary fund is more directed at developing exemplary proposals and programs, more directed at what "should be;" whereas, the Office of Research is preoccupied with "what is going on" - with analyzing and reporting on realities and effects of current practices and programs.

INTERNATIONAL ACHIEVEMENT

Question: The findings of a recent 18-nation study revealed that students from the U.S. ranked 13th in competence in most academic subjects. We ranked above only Swaziland, Nigeria, Thailand and Sweden in mathematics ability. In a nation as sound and relatively well off as ours, Dr. Finn, this a national shame. Have you analyzed this study and come to any conclusions about our relatively low academic standing?

Answer: The Secretary and I completely agree with you on this point. It is a national shame. But the results of this study have been released only recently. Analysis of the meaning of these results will require careful examination and exchange of views with the participating countries. Some countries participating in the study, such as Sweden, have also been concerned about the achievement level shown for eighth grade students and have called for national study commissions to examine the complex question. Some suggested interpretations of these results recommended by the U.S. study committees working on the Second International Mathematics Study are these:

> The U.S. mathematics curriculum is not taught consistently from school to school in the United States while other countries with higher achievement scores offer a challenging and consistent curriculum. (Japan is the best example of school to school consistency.)
>
> U.S. mathematics classes at the elementary grade levels are more likely to be taught in tracks of high or low achieving students rather than all together. This process

does not expose all students to mathematics beyond simple arithmetic; thus they are less likely to learn as much.

The analysis of this study so far has only examined classroom approaches to learning. More general societal factors which might be important, such as the importance of education within the family, have not been fully examined. Under current funding restrictions, such analysis is unlikely to be completed for some time, if at all.

The study you cite is the Second International Mathematics Study of the International Association for the Evaluation of Educational Achievement (IEA) which has been supported in part by the U.S. Department of Education as well as by other participating countries. The results are from mathematics achievement tests in arithmetic, algebra, geometry, and statistics. Topic areas such as writing, history or science were not a part of this study.

Other studies are underway which will permit further analyses of the status of U.S. achievement compared with other countries. One purpose of our proposed budget increase in the statistics area is to regularize American participation in such comparative studies.

Question: What conclusions can be drawn regarding those nations which scored higher?

Answer: Of the 18 countries participating in the study, Japan, The Netherlands, France, Flemish-speaking Belgium, and Hungary stand out as having the highest scoring students at the eighth grade level (even though Japan's students were in the seventh grade). While the study examined factors such as amount of homework assigned, training level of teachers, number of days in a school year, hours of classroom instruction for each topic, and comprehensiveness of mathematics coverage, only detailed classroom coverage of the topics was found to be a significant factor in explaining the differences in student achievement.

Question: Do their educational systems tend to be more or less centralized than ours?

Answer: Most tend to be more centralized, but it is also true that some of the countries with lower scores have centralized systems too (such as Sweden). The amount of centralization is less important than the level of consistency in textbooks and instruction throughout the school year and from school to school.

Question: Do they tend to require more or fewer hours on academic subjects?

Answer: Surprisingly, the number of hours of classroom instruction for a single mathematics topic in Japan is lower than in the United States (and class sizes are higher). However, the students in those countries are expected to study longer hours after school and at tutoring sessions.

Question: What percent of their national budgets go toward education?

Answer: The country with the highest proportion of its national budget going toward education is Sweden which had low achievement in the eighth grade and high achievement for its advanced mathematics students. Japan has a low proportion of its budget going toward education mainly because their classes have a large number of students per teacher.

Question: What do we know about "content, character, and choice" within their education systems?

Answer: Of the three, we know the most about content. The nations that scored higher covered more mathematics topics in greater depth than many schools in the United States do. Their curricula also tend to be more clearly articulated and coherent across grade levels.

Questions Submitted by Senator William Proxmire

NEW RESEARCH PROJECTS

Question: Dr. Finn, your statement indicates that an additional $5 million would be set aside for new research projects. How will these funds be made available? Through grants? Contracts?

Answer: Approximately $3.5 million will be made available through grants competitions. Contracts will be awarded with the remaining $1.5 million.

GRAMM-RUDMAN CUTS

Question: Tell us what projects and activities were delayed or cancelled as a result of the sequester order.

Answer: No Research and Statistics program, project, or activity has been cancelled as a result of the sequester order.

The National Assessment of Educational Progress award has been negotiated at the reduced level (4.3% cut), resulting in reductions in areas such as general data analysis, technical assistance, and assessment development. Reductions within the other categories will also be made, but we are still in the process of negotiating some of those reductions, especially with the labs and centers.

Question: What criteria and guidelines did the agency employ in making these cuts?

Answer: We had no latitude in determining the reductions for each category of program, project, or activity, as those were determined in accordance with GRH instructions. Below that level, we applied the principle of equitable treatment, such that all within each category would pay a fair share of the reduction.

FIELD REVIEWERS

Question: Dr. Finn, I understand the Department is reducing its use of field reviewers in making award determinations. Is this correct? If yes, can you tell us why?

Answer: The Department is making every effort to reduce the costs associated with using outside field reviewers. This does not necessarily mean that the number of field reviewers will be reduced or the quality of evaluation will suffer. The Office of Educational Research and Improvement is collaborating with several agencies and professional associations to enlist support in recruiting competent and qualified peer reviewers who would serve in a voluntary capacity as a public service. Actually, we're widening the use of peer review in almost every part of OERI.

Question: When will you rely on internal reviewers?

Answer: We will continue to rely on internal reviewers for some of the work of OERI. But every major grant or contract decision is based on at least some involvement of external peer reviewers, too.

Question: What about the use of outside field reviewers. When will you use them, given the Department-wide mandate to cut back?

Answer: As I said, we expect that the mandate will not force us to use fewer reviewers. We are working with several agencies and organizations to foster voluntary service when it comes to using peer review.

Outside field reviewers will be used to inform all major decisions in the following areas:

1. Formulating program plans and priorities within the boundaries established by statute and general administration policy.
2. Developing guidelines and criteria for grant and contract competitions and other program-related procurements.
3. Selecting grantees, contractors, and other recipients of funds administered by OERI and the performers, producers, and providers of services to OERI.
4. Evaluating OERI-supported projects and activities while in progress and upon completion.
5. Determining which products of OERI-supported work warrant publication, distribution, or other forms of dissemination and promotion by OERI.

INDIVIDUAL AND INSTITUTIONAL SUPPORT

Question: What proportion of the total budget request will support independent research by individual researchers?

Answer: In FY 1987, we anticipate that approximately 11% (or $7.7 million) of the $70.2 million requested will support independent research by individual researchers or teams of researchers.

Question: What proportion will be used for institutional program support?

Answer: Approximately 66% (or $46.4 million) will provide support for institutions such as the Labs and Centers, the National Assessment of Educational Progress, and the Educational Resources Information Center network. The remaining 23% (or $16.1 million) will primarily support statistical activities ($13.8 million) but also includes funds for the OERI Research Library and other dissemination activities.

SUBCOMMITTEE RECESS

Senator WEICKER. This hearing completes the testimony received for the Department of Education for fiscal year 1987. The subcommittee will stand in recess until next Tuesday, April 22, 1986, at 9:30 a.m., when we will begin the hearings on the following related agencies: Soldiers' and Airmen's Home; Prospective Payment Commission; Railroad Retirement Board; National Labor Relations Board; the National Mediation Board; the Occupational Safety and Health Review Commission; and the Federal Mediation and Conciliation Service.

[Whereupon, at 11:25 a.m., Thursday, April 17, the subcommittee was recessed, to reconvene at 9:30 a.m., Tuesday, April 22.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

TUESDAY, APRIL 22, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:30 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Specter, and Proxmire.

U.S. SOLDIERS' AND AIRMEN'S HOME

STATEMENT OF LT. GEN. GEORGE H. McKEE (RETIRED), GOVERNOR

ACCOMPANIED BY:
- COL. ROBERT W. HAMPTON, DIRECTOR OF ADMINISTRATION
- ARTHUR J. CURRY, BUDGET OFFICER

OPENING REMARKS

Senator WEICKER. The subcommittee will come to order.

This morning is the first of two mornings the subcommittee will devote to the related agencies under its jurisdiction.

Today we will hear from the following: Soldiers' and Airmen's Home; Prospective Payment Commission; the Railroad Retirement Board; the National Labor Relations Board; the National Mediation Board; the Occupational Safety and Health Review Commission; and the Federal Mediation and Conciliation Service.

Our first witness is Gen. George H. McKee, Governor of the U.S. Soldiers' and Airmen's Home.

Welcome to the committee, General McKee. As usual it is a pleasure to have you with us. Why don't you introduce your colleagues. Your statement in its entirety will be included in the record, please proceed to summarize.

General McKEE. On my right, I have Col. Robert Hampton, our Secretary/Treasurer; and on my left is Mr. Arthur Curry, our budget officer.

PROGRESS REPORT

I want to thank you for the opportunity to appear before the committee this year, Mr. Chairman. Since last year, we have made considerable progress at the home. I would like to add a few remarks to my statement as to what we have accomplished there.

Last June, we completed the air-conditioning of the home's general mess dining facility in the Scott dormitory. We also did re-roof that building, and replaced the electric transformer there which was leaking polychlorinated biphenyls [PCB].

This June, we will complete the total rehabilitation of the 13 elevators in the Scott and Sheridan dormitories. The fire alarm system will also be upgraded during this coming year. There are a whole host of other things, Mr. Chairman, that we are doing there as well.

For example, we are completing our new freezer/storage building, and that should be ready for occupancy and use this coming June. In addition, we have studies in progress to determine the extent of the asbestos problem, and the replacement requirements of the remaining electric transformers at the home.

We have two major projects that we are concentrating on at the present time. The first of these is the expansion of our health care facilities, plus building a new dining hall. We have completed the review of that project, and we should be able to go out for the design and specifications this summer. About 2 years from now, we should be ready to start construction on that facility, which will provide 200 additional beds, and take care of the people who are living in the dormitories at the present time and are not receiving care to the extent that we should be providing. Plus it will give us the capability to bring people into the home who require hospital care, which we cannot do and have not been able to do since 1981.

The next major project going on at the home is the renovation of the Scott dormitory, where some 800 members reside. The project detail design should be completed by this fall. At that time, the internal action to prepare for that major renovation will start, with construction actually beginning in the summer of 1987.

In addition to the air-conditioning of the facility, the window units will be replaced with double glass, glazed, energy efficient windows. A sprinkler system will be installed in each bedroom, and much needed additional closet space will be provided, as well as a new shared bath for each two rooms, which we don't have at the present time.

We have sufficient funds available to complete the design of the King health care facility, and this dormitory renovation and restoration, but beyond that we are just about out of our capital fund dollars.

REPROGRAMMING AUTHORITY

Our capital outlay budget request under the administration's program reflected $4.5 million. We need at least this amount, plus restoration in fiscal year 1987 of the $1.2 million for which I have requested reprogramming authority from our fiscal year 1986 "Capital outlay" account, in order to restore sequestered money to the fiscal year 1986 "Operation and maintenance" account.

If we fail to receive the reprogramming authority, it will be essential that we start scheduled furloughs for the entire home work force next month. As you know, the home is labor intensive, so this sizable reduction of our man-hours will have a direct adverse impact on our operations.

This is certainly no way to have to manage the Nation's home for its Army and Air Force veterans, but the misplaced impact of the Balanced Budget and Emergency Deficit Control Act on our nontaxpayer-supported trust fund will leave no alternative. As you know, Mr. Chairman, the administration concurred in our request to reprogram the funds.

FISCAL YEAR 1987 BUDGET AUTHORITY

The bottom line of my request to the committee this morning is for $34,022,000 to support our operation and maintenance needs, and an appropriation adequate for the home to continue our capital improvement projects. Our total budget request now before you is about $15 million below our estimated income for fiscal year 1987. Thus, the trust fund can readily finance the pending projects, if your appropriation decisions enable it to do so.

PREPARED STATEMENT

We are ready for your questions.

[The statement follows:]

STATEMENT OF LT. GEN. GEORGE H. MCKEE

PURPOSE

The purpose of this statement is to furnish information on the Home which may be of interest during the committee's consideration of the Home's fiscal year 1987 appropriation request. Included is pertinent information on the Home: its mission, administration, physical plant, financing, and members. The statement also provides a general description of the fiscal year 1987 appropriation request as compared with the fiscal year 1986 GRAMM-RUDMAN-HOLLINGS.

MISSION

The Home was established by Congress in 1851 for the relief and support of retired, invalid, or disabled soldiers of the Regular Army. Membership is a benefit for former warrant officers and enlisted personnel of the Regular Army and Air Force with the following qualifications: (1) honest and faithful service for twenty years or more as warrant officers or enlisted personnel, or (2) service-connected disabilities rendering them unable to earn a livelihood, or (3) non-service connected disabilities rendering them unable to earn a livelihood, provided they have had service during a war. These criteria are listed in this order not as priorities, but because about 88 percent of the membership is of the first group, and about 12 percent is of the disabilities groups.

ADMINISTRATION

General supervision of the Home was placed by Congress in a Board of Commissioners now composed of the Governor of the Home; The Surgeon General, U. S. Army; Comptroller of the Air Force; Deputy Chief of Staff, Manpower and Personnel, U. S. Air Force; Chief of Engineers, U. S. Army; The Adjutant General, U. S. Army; The Judge Advocate General, U. S. Air Force; the Sergeant Major of the Army; and the Chief Master Sergeant of the Air Force. Subject to approval by the Secretary of the Army and the Secretary of the Air Force, the Board has authority to establish regulations for the internal direction of the Home. The law provides for an annual report of inspection of the Home by The Inspector General of the Army to be submitted to Congress.

PHYSICAL PLANT

The Home is situated in northwest Washington, D.C. Facilities include four domiciliary and three hospital buildings, a service area, a heating plant, a laundry, and some minor structures. The domiciliary capacity of the Home is 2,028 beds. Our hospital has a capacity of 385 beds. Throughout the years, the loss of Home lands to other activities has reduced the acreage from about 500 to the present 300. The members of the Home are grateful for the support provided by committees of Congress for retention of the Home's lands against past proposals to further reduce it.

FINANCING

The Act of 1851 provided that the Home be supported from two principal sources: (1) a monthly contribution while on active duty of twenty-five cents from each enlisted member and warrant officer of the Regular Army and later the Air Force, and, (2) fines and forfeitures imposed upon these people by sentence of courts-martial. Public Law 94-454 increased the monthly withholding to fifty cents. Public Law 96-357 amended the Act of 1851 to also include fines and forfeitures imposed upon the aforementioned people under authority of Section 815 of Title 10, U. S. C., commonly referred to as non-judicial punishment. The Act of 1883 established a Permanent Fund in the U. S. Treasury and provided for the payment of interest of 3% per annum on the fund balance. On December 15, 1973, the Act of 1883 was amended so that the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States, would set the interest rate. Under this amendment, the Home is now receiving about 7.1 percent interest on its fund balance. Public Law 94-454, in addition, authorized the collection of a fee from the members of the Home. The Permanent Fund balance on September 30, 1985 was $162 million.

MEMBERSHIP

Our male members range in age from 39 to 101, with an average age of 68. Our female members range in age from 43 to 91, with an average age of 75. There are 78 female members. The average age of the patients in the Health Care Facility is 74 years. Average total membership during the fiscal year 1985 was 2,062 including 1,946 present.

THE FY 87 BUDGET FOR OPERATION AND MAINTENANCE

The Home's fiscal year 1987 operation and maintenance appropriation allowance is $34,022,000, an amount $631,000 more than its fiscal year 1986 appropriation of $33,391,000 which includes $1,436,000 of sequestered funds in accordance with the GRAMM-RUDMAN-HOLLINGS ACT. A detailed description is included in the Home's justification booklet which has been submitted to the committee.

THE FY 87 BUDGET FOR CAPITAL OUTLAY

The Home's fiscal year 1987 capital outlay appropriation allowance is $4,485,000. Of this amount, $1,915,000 is for detailed plans and specifications necessary for renovation and construction of Home buildings. For additional financing of renovation projects $2,570,000 is requested.

CONCLUSION

The members of the Home appreciate the interest in their welfare that the committee has taken over the years.

Biography of Lt. Gen. George H. McKee

A. **Personal Data:**
Born: 28 April 1923, Pickens, South Carolina
Married to: Nikki Young
Children: Two
Home Town: Lakeland, Florida

B. **Education:**
- Military--
  - Army Administration School
  - Air Tactical School
  - Industrial College of Armed Forces
- Civilian--
  - University of Omaha - B.A. Degree - Education

C. **Major Permanent Duty Assignments:**

	From	To
Enlisted -- Instructor, Airplane Mechanics Course, Aircraft Crew Chief, Flight Chief, Quality Control Inspector, Pilot B-17, B-29 Aircraft. Highest enlisted grade, Master Sergeant	1940	1947
Aircraft Commander, Squadron Maintenance Officer, Adjutant, Operations Officer, Commander, 49th Bomb Squadron, Hunter AFB, Ga.	1947	1955
Command Project Officer, SAC Command Control System	1955	1960
Deputy Commander, 3974th Combat Support Group, Zaragoza, Spain	1960	1961
Commander, 3974th Combat Support Group, Zaragoza Air Base, Spain	1961	1963
Deputy Commander for Maintenance, Blytheville AFB, Ark.	1964	1965
Commander, 319th Bomb Wing, Grand Forks AFB, N. D.	1965	1966
Commander, 97th Bomb Wing, Blytheville AFB, Ark.	1966	1967
Commander, 72nd Bomb Wing, Ramey AFB, Puerto Rico	1967	1968
Commander, 19th Air Division, Carswell AFB, Texas	1968	1970
Director, Maintenance & Engineering, Headquarters USAF	1970	1972

Chief of Staff, Strategic Air Command	1972	1973
Commander, Eighth Air Force, Guam	1973	1974
Commander, Air Training Command	1974	1975
Retired from active military service, over 34 years	--	1975
Presidential appointment as Governor, United States Soldiers' and Airmen's Home	1 November	1978

D. Decorations and Service Awards:

Distinguished Service Medal (with 2 Oak Leaf Clusters)
Legion of Merit (with Oak Leaf Cluster)
Distinguished Flying Cross
Air Medal (with 4 Oak Leaf Clusters)
Good Conduct Medal
European/African/Middle Eastern Campaign Medal (with 4 Service Stars)
Vietnam Service Medal (with Silver Star)
Air Force Outstanding Unit Award Ribbon
Legion of Merit from Spain
Outstanding Civilian Service Medal, Department of the Army (1983)

REPROGRAMMING

Senator Weicker. Let me get into the business of the reprogramming. Are we putting that in the supplemental? You say that this transfer is by virtue of Gramm-Rudman cuts?

General McKee. That is correct. We are talking about $1.2 million, to transfer this to the "Operation and maintenance" account to make up part of the $1,436,000 which is being sequestered from the "Operation and maintenance" account.

FURLOUGH

Senator Weicker. If this doesn't happen, then what happens?

General McKee. If this doesn't happen, I should start furloughing my people next month. We have a furlough plan prepared where we would hope to furlough 1 day out of every other pay period at the present time.

Senator Weicker. What personnel would be encompassed in such an action?

General McKee. Across the board, everyone, sir.

TRANSFER APPROPRIATION

Senator Weicker. We are going to try to put that in the supplemental.

The capital account is in sufficient condition by virtue of the fact that it relies on the trust fund?

General McKee. We do have sufficient moneys at this time that have not been committed in the restoration project out of the capital accounts. Of course, we are requesting and hoping to get $16.2 million added to the "Capital outlay" account in the 1987 budget. So we will have continued funds coming in.

Mr. Curry. Senator, we have an unobligated balance, and we can take it, but we are asking to get it back.

Senator Weicker. I have no problem with this at all. I just want to be sure that you are adequately funded.

When would you have to start the furlough?

General McKEE. If I don't have some indication of the funding, I should start furloughing the people next month, 1 day per pay period. If I wait too late in the year, Mr. Chairman, the July-August-September timeframe, it would mean that we would have to close the place as much as we could for an extended time period.

Senator WEICKER. The only problem, on the Senate side, to the extent that I can get it in the supplemental, which I am sure I can do that, for that account of the operation, and we certainly will do that, then we will have to see how the rest of the process takes place.

OPERATIONS AND MAINTENANCE

The fiscal year 1987 budget request for operations at the home is $34,022,000, an increase of $631,000 from the fiscal year 1986 appropriation. That is approximately a 1.9 percent increase, which is less than inflation.

What was your request to OMB for fiscal year 1987?

General McKEE. It was $34,936,000.

Senator WEICKER. Can you maintain services at the requested level?

General McKEE. We can maintain the services insofar as the "Operation and maintenance" account is concerned. What we have done to offset some of the sequestering action in the 1986 budget, we are reducing our inventories, and some other support requirements and needs at the home. The way that we were laying in a fuel oil supply, for example, at the end of this season, we will not fill the tanks. We will take actions along those lines, whether $34,022,000 will meet our requirements, we do not know.

ADDITIONAL PERSONNEL

I have another slight problem that I will just touch on, Mr. Chairman. We are authorized 1,032 people at the home at the present time, and we have onboard 999. We have a hiring freeze, trying to slow down the expenditures to take care of the furloughing action.

I could use more funds at a later time to get additional people, above the 1,032, because we are in an overhire and temporary employment condition at the present time. The restriction of 1,032 is impacting on our work force.

BUILT-IN COSTS

Senator WEICKER. What built-in costs must you account for in your "Operations and maintenance" account?

Mr. CURRY. We have subsistence, pharmaceuticals, and utilities, and these are really uncontrollable. We are now serving a ration in the general mess, and the food cost for three meals a day is about $3.58. One can't adjust that.

Senator WEICKER. Three dollars and fifty-eight cents per person for three meals a day, is that an adequate diet?

General McKee. Yes; it is very good. This is made possible through our purchasing procedures. We buy rations out of the GSA supply system, the same as the services do, through that approach we have the cost control, and we are able to do this.

AIR-CONDITIONING

Senator Weicker. Let's talk about the capital outlays for a minute. For example, you say that the messhall is air-conditioned. I recall that this was one of the concerns. The messhall has been air-conditioned?

General McKee. That is correct. We completed that project this past June.

Senator Weicker. But the rooms in the living quarters are still not, and that is due to the fact that they have to be totally refurbished anyway, and it would be a waste of money to air-condition them first.

General McKee. That is correct, sir. At the present time, 22 percent are air-conditioned. When we complete the restoration and renovation of the Scott dormitory, where some 800 members reside, the bedrooms will be air-conditioned to a 55-percent level.

Senator Weicker. Why wouldn't it raise it to 100 percent?

General McKee. Because we have several dormitory buildings there, and this is just one.

Senator Weicker. What is the total population of the home?

General McKee. Two thousand and sixty-two.

Senator Weicker. All 2,062 don't have air-conditioning?

General McKee. Only 22 percent of those living in the dormitories, and 22 percent of the rooms in the health care facility are air-conditioned.

Senator Weicker. That is awfully tough for Washington, DC, for all of those people.

General McKee. It is.

Senator Weicker. What about dayrooms? Do they have dayroom facilities where they can enjoy air-conditioning, where they can go?

General McKee. We have air-conditioning in all the dayroom facilities with window-type units, but we can't go any further than the dayrooms because the electrical systems will not support any more. We have fans in the rooms and down the corridors to circulate the air.

Senator Weicker. With the completion of the Scott hall——

General McKee. The Scott dormitory.

Senator Weicker. You say that you will be up to 55 percent?

General McKee. That is correct.

Senator Weicker. That is 55 percent of the total population.

General McKee. That is for the dormitories. We will still be at a 35-percent level in the health care facility until such time as we complete the 200-bed annex. Then we will move some of the patients into that, doubleback. and upgrade the Pipes Building, where we have 300 patients located, and which is partially air-conditioned at this time.

NEW RESIDENTS

Senator WEICKER. What do you have in terms of new residents in the facility, let's say, in this past year, how many new people have moved into the facility?

General MCKEE. We have about a 20-percent turnover each year of people leaving the home, and people passing away. The loss rate there of deceased is about 12 a month, and we lose another 12 or 15 who come and go as their situation changes. They come there to get a health problem taken care of, because of the excellent medical support at Walter Reed. They leave, and then other people come in. So about 20 percent of the population turns over each year. The longest time in residence for a member is about 48 years, and the average stay is 11 years. We do have this group of about 20 percent who come and go.

GEOGRAPHICAL BREAKDOWN

Senator WEICKER. What is the breakdown geographically of the residents, roughly?

General MCKEE. With Virginia and the northeastern part of the country as the state of birth, 57 percent come from that part of the country. Only 25 percent of the retired population live in that area. About 25 percent come from the southeastern region, and the remaining come from the Midwest and the west coast. From Oklahoma west to California, only 3 percent are in our population. However, 26 percent of the retired population come from that part of the country.

Because of our location, we do get more members from this region of the country. Pennsylvania has the largest number of residents, followed by New York.

ACCELERATE AIR-CONDITIONING

Senator WEICKER. Is there anything that can be done to accelerate this air-conditioning program?

General MCKEE. No, sir; there is a series of steps that we have to go through. For example, the advertisement that was placed in the Chicago Business Daily paper about 2 weeks ago for the health care facility, was required to run for 30 days. The contracts will come in on the design and the specifications for the new health center. It is going to take 2 years to get the facility designed. Then in about 2 years from now, we will be able to go out for a contract to construct it.

HEALTH CARE FACILITY

Senator WEICKER. When you talk about the health care facility, are you talking about both operating rooms and resident rooms?

General MCKEE. I am talking about resident rooms and new facilities, 200 additional bed spaces, plus a new dining hall and kitchen facility. The building will also include a new dining facility, occupational therapy room, a library, and facilities of that nature.

MEDICAL PROCEDURES

Senator WEICKER. Are all of the medical procedures accomplished at Walter Reed?

General MCKEE. Walter Reed and the Veterans Administration Hospital are used for surgery and acute care. Then they return to our place because we are able to take care of them, because of our medical staff.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. There will be further questions for response to the record. Thank you very much.

General MCKEE. Thank you, sir.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

CAPITAL OUTLAY

Question. In previous testimony you have outlined a 10-year, $100 million restoration program for the renovation of the home's physical plant. Last year $15 million was appropriated. This year the request is for $4,485,000. How will these funds be spent?

Answer. Of the $4,485,000, $1,915,000 will be used to obtain detailed plans and specifications for home buildings. The third installation of the street lighting system project amounts to $415,000. For the second installment of the Scott dormitory project, $400,000 is programmed. The third installment of the health care facility project amounts to $1,255,000. Finally, $500,000 is to be used to convert the heating plant from oil to oil or gas fueled, and to replace two of six boilers.

Question. Is that amount sufficient to meet your 10-year plan? How much more funding would be required to stay on target?

Answer. For the program to continue in a timely manner, $15 million is needed in fiscal year 1987. Additionally, up to $1,241,000 more will be needed to offset the reprogramming action required in fiscal year 1986.

Question. What are your plans for fiscal year 1988?

Answer. We plan on requesting $15 million in fiscal year 1988. This amount, combined with budget authority previously appropriated will assure that the restoration program will remain on schedule.

DORMITORY CAPACITY

Question. What is your dormitory capacity now, and what will it be once restoration is completed?

Answer. The current dormitory capacity is 2,029. The dormitory capacity will be 1,565 after the dormitory restoration program is completed. Capacity at the health care facility will be increased so that total home capacity will be 2,175, a size large enough to accommodate the budgeted for membership of 2,100

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

USER FEES

Question. What is the average user's fee currently paid by residents of the home?

Answer. The average user fee being collected from home members is $181.75.

Question. How does this compare with the current year?

Answer. The average user fee for fiscal year 1985 was $180.27.

Question. I understand this fee represents 25 percent of a resident's retirement pay or veteran's pension. Have there been any attempts to lift this ceiling?

Answer. Yes; the fee is presently at its statutory limit of 25 percent having been increased from 12.5 percent. The financial condition of the fund does not warrant any increase at this time.

PERMANENT FUND

Question. General McKee, your statement indicates that the balance in the permanent fund as of September 30, 1985, was $162 million. That's equal to roughly 4 years' operating costs. Why do you believe such a large reserve is necessary.

Answer. The balance in the fund represents principal plus income, less appropriations. In 1995, after sufficient budget authority for the restoration program has been appropriated, the fund balance will be approximately $225 million. However, if that balance is discounted for an inflation rate of 3.5 percent, the purchasing power would be less than that of today's $162 million. The fund's balance is necessary to continue to provide for the unexpected, and uncontrollable, events which could otherwise jeopardize the institution existence.

Question. How much are your projecting next year for the permanent fund?

Answer. The estimate for fiscal year 1987 is $53,785,000.

RESIDENTIAL CAPACITY

Question. General McKee, the residential capacity of the home has remained at approximately 2,100 for the past several years. Given the estimated 650,000 eligible retirees who could use the home's services, have you ever considered expanding your level of membership?

Answer. Yes; the future needs of the home have been studied. It has been concluded that a significant factor is where members formerly resided or where they were born. We now primarily serve retirees east of the Mississippi. We have significant requirements at our present location. Our income is sufficient to support current operations and maintenance, and our restoration program. In the future we will, given adequate resources, establish regional facilities, as required.

RENOVATION PROJECTS

Question. What are the home's renovation projects for next year?

Answer. Of the $4,485,000, $1,915,000 will be used to obtain detailed plans and specifications for home buildings. The third installation of the street lighting system project amounts to $415,000. For the second installment of the Scott dormitory project, $400,000 is programmed. The third installment of the health care facility project amounts to $1,255,000. Finally, $500,000 is to be used to convert the heating plant from oil to oil or gas fueled, and to replace two of six boilers.

Question. Does the home supervise its own construction projects or is this done by the General Services Administration?

Answer. All major renovation projects are supervised by the U.S. Army Corps of Engineers on a fully reimbursable basis. They award necessary contracts.

Question. Are all contracts related to design or construction work at the home awarded on a competitive basis?

Answer. Yes; we and the Corps of Engineers award design and construction contracts on a competitive basis.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

STATEMENT OF STUART H. ALTMAN, PH.D., CHAIRMAN

ACCOMPANIED BY DONALD A. YOUNG, M.D., EXECUTIVE DIRECTOR

PREPARED STATEMENT

Senator WEICKER. Our next witness is Dr. Stuart Altman, Chairman of the Prospective Payment Assessment Commission [ProPAC].

Dr. Altman, if you would sit down. Your statement in its entirety will be placed into the record. Would you introduce your colleagues, and please proceed.

[The statement follows:]

STATEMENT OF STUART H. ALTMAN

Mr. Chairman, I am Stuart Altman, Chairman of the Prospective Payment Assessment Commission. I am accompanied today by Donald A. Young, M.D., Executive Director of the Commission. I am pleased to represent the ProPAC Commissioners and present to you ProPAC's budget and appropriation request for fiscal year 1987.

As you know, the Commission was mandated in Pub. L. 98-21, which established the Medicare prospective payment system. We are charged with maintaining and updating this hospital payment system through reports and recommendations to the Congress and the Department of Health and Human Services. Commissioners, who are experts in health services delivery, financing, and research, are appointed by the Director of the Congressional Office of Technology Assessment. Our work is supported by an Executive Director and a staff of up to 25 people.

Our budget has remained about constant during the first two full years of operation at just over $3 million. Even though our budget has not increased, you will note that our appropriation has grown. This is because we had unanticipated carryover funds from our first partial year of operation, fiscal year 1984, which were applied to the appropriations for fiscal years 1985 and 1986. This year, these carryover funds are no longer available, so that our appropriation request is for $3.4 million.

Let me now describe some of our major activities and contributions over the last year.

Recent Commission Accomplishments

Chairing this Commission has been a truly marvelous experience for me -- in terms of the contributions which I believe that ProPAC has made, in terms of the commitment of the members of the Commission, and in terms of the dedication and exceptional ability of the staff recruited and directed by Dr. Young. We have collected data and analyzed a wide range of issues related to the functions and performance of PPS, producing five major reports to the Congress and the Department in the last 14 months. During the last year, we have met in over 20 sessions.

We have sought the advice and assistance of a wide range of public and private sector experts and organizations to help us define our agendas and refine our priorities. We have testified before the Congressional committees with jurisdiction over the Medicare program and budget and provided technical assistance to Congressional staff. OTA, which is charged by law to oversee our activities, has reviewed our accomplishments and, in its recent oversight report to Congress, noted, "OTA finds that ProPAC has made excellent progress in its second year and has emerged as a significant factor in the PPS adjustment process."

The 33 recommendations contained in our recent April report flow from our priorities: to maintain beneficiary access to high-quality health care; to encourage hospital productivity and long-term cost-effectiveness; to facilitate innovation and appropriate technological growth; to maintain stability for providers, consumers, and other payers; and, to base decisions on reliable, timely data and information. I would like to submit the full list of recommendations and the Executive Summary of the Report for the hearing record. Let me briefly highlight a few of our major recommendations.

Fiscal Year 1987 PPS Recommendations

We have suggested an "update factor," or change in Medicare PPS payments, which we believe would result in a 2.8 percent increase in hospital payment per case in fiscal year 1987. This figure is derived from combining several factors, including (1) increases for inflation in the hospital market basket (adjusted for forecast errors), scientific and technological advances in the hospital industry, and real case-mix changes; and (2) decreases for changes in hospital productivitiy, shifts in site of service, and reported changes in the case-mix index. This recommendation, then, represents the Commission's best judgment as to the net change in payments needed to provide scientific and technological advances in the hospital industry, balanced by changes in hospital productivity, changes in the site of service delivery, and any change resulting in sicker Medicare patients being treated in hospitals.

In terms of maintaining the PPS system, the Commission has suggested a series of changes in diagnosis-related groups (DRGs) so that they reflect the use of new technologies and other practice pattern changes that affect the relative use of hospital resources among the DRGs. In addition, the Commission recommends that the recalibration of all the DRG weights be done annually.

The Commission also addressed the problem of adding capital payments to the prospective payment system, recommending the phase-in of these payments beginning in fiscal year 1987. We went on to suggest that the Federal portion of capital payments be computed as a fixed percentage add-on to the standardized amounts, based on a distinction between fixed and moveable capital.

The Commission addressed several recommendations in areas of particular interest to beneficiaries. Included among these recommendations are suggestions about the information beneficiaries have available to them about the PPS, the quality of care they receive under PPS, and the inappropriate increase in the beneficiary deductible caused by signficiant declines in the length of stay since PPS was implemented.

Our report concludes with a description of ProPAC's agenda for the future which will target three major areas: improving the measurement of case mix; improving and updating hospital payment amounts; and evaluating PPS effects on the quality of care.

With this background on our recent activities, let me now turn to our fiscal year 1987 budget and appropriations request.

Fiscal Year 1987 Appropriations Request

As I noted earlier, we propose a budget of $3,421,000. This compares with our fiscal year 1986 budget of $3,240,000; sequestration reduced this FY 1986 level to $3,101,000. As I mentioned before, the FY 1986 budget included the appropriation of $2,893,000 plus unexpended carry-over funds from our initial year's operation.

Our funds are expended in two major categories: Administration and Management and Data Development, Analysis, and Research. The largest portion of our funds -- budgeted for $2.42 million in fiscal year 1987 -- is in the first category and relates to personnel, facilities, supplies and other administrative functions such as accounting and publications. The remaining $1 million is expended through grants or contracts for external research and analysis to provide a detailed quantitative information base for Commissioners to use in the formulation of recommendations and reports.

Administration and Management ($2.42 million)

This category includes funding necessary for payment of Commissioners for travel and time spent on Commission business; for salary and benefits for an Executive Director and staff; for facilities, supplies, equipment, and travel; for communications with the public, including maintenance of an extensive mailing list, publication of at least three major reports each year, and expenses associated with open public meetings of the Commission and its subcommittees; and for other administrative expenses associated with facilitating the work of the Commission.

Data Development, Analysis, and Research ($1 million)

This category represents funds from the proposed budget which are to be expended through grants and contracts with organizations and individuals outside ProPAC. We believe that an important Commission role is to identify, define and develop solutions for problem areas in the prospective payment system. Because we wish to base our decision-making on the best, most recent and thorough data and information possible, a strong analytic commitment is required. Analysis and data development which cannot be completed internally by the Commission's staff is thus included in this category of funding.

Our data development and research plans for fiscal year 1987 will focus in three broad areas: improving DRG classification and case-mix measurement, improving and updating the payment amounts, and assessing the effects of PPS on care for beneficiaries. Individual studies that we anticipate within this broad scheme will include work on the development, adoption and diffusion of medical technologies; refinement of DRGs and other systems for case-mix measurement; diagnostic and procedure coding; changes in case mix, patient complexity and the site of service; measurement and definition of the hospital product; variations in nursing intensity; and quality of care studies focussed on the discharge planning and after-hospital care issues.

Staff is currently in the process of refining our research agenda, which will be discussed at Commission subcommittee meetings in May and June, and approved by the full Commission at its June meeting.

I want to stress that we do not anticipate using these funds for clinical research, controlled trials or formal technology assessment. Other governmental and private sector organizations have expertise and experience in these areas, and we have established liaison with these organizations. The Commission will continue to rely upon the work of these groups for any such formal research which is needed to support our mandate.

Summary

Mr. Chairman, this completes my formal testimony. The Commission is grateful for your support of our budget over the past 2 years. I believe that ProPAC has contributed substantially in many ways to the public policy debate on Medicare PPS issues. Our recommendations have been cited in Congressional reports which describe and explain the enactment of important changes in the Medicare prospective payment system, and we are pleased to have had a role in these changes which have taken place over the last year. We hope to continue to provide an open, public forum for the discussion of problems and development of solutions.

INTRODUCTION OF ASSOCIATE

Dr. ALTMAN. Thank you, Mr. Chairman.

I would like to introduce Dr. Donald Young, the Executive Director of the Prospective Payment Assessment Commission. This is the third opportunity I have had to come before this committee, and I appreciate the help and staff support given to us.

As you may remember, we came before you very early in the Commission's existence, when we didn't have office space, or staff, and you have been very helpful to us. I would like to think that we have gained your confidence.

This April 1, we issued our second annual report. We now have five reports altogether that we have issued to the Congress and the executive branch. I might say, thanks to Don and the able staff, we have met our target of having all of our reports on time. For people who know me, you have to give credit to the staff for being on time.

As you know, the Commission was mandated by Public Law 98-21, which established the Prospective Payment System [PPS], and we are responsible to you and to the executive branch for making recommendations about the Medicare PPS update factor and changes and adjustments in the Diagnosis-Related Groups [DRG] System.

Since we began, our budget has remained about constant for the first 2 years at a little over $3 million. Even though our budget has not increased, our appropriation has grown because we had unanticipated carryover funds from our first partial year of operations, fiscal year 1984. These carryover funds were applied to the fiscal year 1985 and fiscal year 1986 appropriations.

This year, the carryover funds are no longer available so that our appropriation request is for $3.4 million.

I won't go into any more detail on our budget—we have a more detailed description for the record—but I would say, however, that the Office of Technology Assessment [OTA] was asked to evaluate us on an ongoing basis. Last month OTA issued its report, as it was charged to do by the Congress.

In that report, OTA finds that ProPAC has made excellent progress in its second year, and they said that the Commission has emerged as a significant factor in the PPS adjustment process. We are quite proud that they feel that we are doing our job.

This year, we made a recommendation to the administration that the DRG payments be increased by 2.8 percent. Some people have considered this to be a giveaway amount, since the Congress, last year, increased the DRG payment by one-half of 1 percent, and the administration indicated that they would increased it by no more than 2 percent.

I would like to emphasize to you that prior to the DRG System, hospital in-patient inflation was going up 4 and 5 percent more than inflation. Our recommendation calls for the update to be 2 percent below inflation. I think that we have tried to come up with the tightest, toughest number that we think is appropriate given our desire to maintain quality and access to care. You will have an opportunity, as the system moves on, to make a decision on that.

As I noted earlier, we are proposing a budget of $3.42 million. This compares with our fiscal year 1986 budget of $3.24 million. We had a sequestration which reduced that amount to $3.1 million. We have asked, in our appropriation request, to go back to our previous level. One of the main reasons for this is that the Congress is about to add two more commissioners to ProPAC. We are authorized at 15, and with the latest piece of legislation that the President has signed, we will have two additional commissioners. Much of the increase is to staff up and to provide these commissioners with salary and travel funds.

Basically, our $3.4 million request is to keep our activities at about the same level.

Finally, I would like to stress that we are, as a country, entering a fairly critical time with the DRG System. It has been in operation for 3 years. There is much debate about whether it is maintaining quality of care. There is much debate about what impact it is having on technological change. There is much debate about whether we should go to national PPS rates.

I believe that our Commission is going into a very important year this year, and we want to make sure that we provide you and the administration with the best advice we can. So I ask you to consider favorably our request for the full budget.

Thank you, Mr. Chairman.

MEDICARE DEDUCTIBLE

Senator WEICKER. Last week, I read in the newspaper that the Medicare charge to patients for their first day in the hospital is estimated by Health and Human Services to increase from the current $492 to $572. Last year, the increase was from $400 to $492. Are these annual increases automatic?

Dr. ALTMAN. They are automatic under a formula that we believe is now incorrect. When Medicare started, there was a 1-day hospital deductible that was based on a per diem rate. The method of calculating the deductible simply looked at the average cost of 1 day in the hospital all over the country, calculated it, and that determined what Medicare beneficiaries had to pay. That method made sense when you had a per diem reimbursement system.

We now have a reimbursement system that is based on one amount per admission. Hospitals, therefore, have an incentive to cut down on the number of days. What happens is that you are dividing by a smaller number of days which increases per day costs, and so the biggest loser using this methodology is the beneficiary, who winds up paying the higher deductible.

Nowhere can we find in the legislation in the past that people intended beneficiaries to pay more money if the average length of stay declined. As an economist, I would say that what has happened is that there has been a tax increase on the Medicare beneficiary. We are recommending that the system be set right, and that a new method be established to set the rate for the deductible. The result should be an amount which is commensurate with what the old proportion would have been. We have suggested that an amount of about 8.5 percent of the per admission rate will get you back to an amount that is more comparable to the amount that was in effect before the DRG System began.

We think that one-half of that increase in the deductible is just a natural phenomenon of the new law, and it results in a total deductible that is more than Medicare beneficiaries should be required to pay.

RESULTS OF NATIONAL INSTITUTES OF HEALTH CLINICAL TRIALS

Senator WEICKER. At a recent NIH hearing, Dr. Murray Goldstein of the National Institute of Neurological and Communicative Disorders and Stroke reported the results of a recently concluded clinical trial which proved that a widely used neurological procedure that redirects blood past obstructed brain arteries is "no more effective—much less safe—than available medical therapy for preventing stroke." He also said that the potential savings are immense, as the average operation costs an average of $15,000 and several thousand are performed in this country each year.

My question is this: Since it is ProPac's mission to advise and assist the Congress and the Secretary of HHS in updating the Medicare Prospective Payment System, how does information such as this research impact upon your recommendations for Medicare reimbursement of unnecessary surgical procedures?

Dr. ALTMAN. Let me answer this, and then let me turn it over to Dr. Young who was in the practice of medicine.

We have looked at that kind of information very closely. We have a subcommittee that takes account of how well procedures are working. On the other hand, to the extent that it is still a covered service under Medicare, Medicare is required to pay for it. So we are sort of caught in that interesting dilemma.

If it is considered to be an acceptable practice, then we don't view our role to consider not funding acceptable practices. On the other hand, when we see this kind of information, it is quite possible that we would take a hard look at that.

Dr. Young, may wish to add to that.

Senator WEICKER. That is part of NIH's job.

Dr. ALTMAN. Absolutely. And that of the Health Care Financing Administration [HCFA].

Senator WEICKER. When they arrive at that conclusion, do you learn of it right away? What happens?

Dr. YOUNG. We are not aware of this particular result. The general subject that you are discussing has been raised a number of times. It becomes a very difficult issue to deal with, however, because the clinical trials have a limited scope, and they are generalized to all patients. Therefore, if you want to withdraw a benefit that has been covered, do you do so on the strength of a single study. That is not to say that change shouldn't occur, or that an adjustment shouldn't be made, but it becomes a very complex issue when it comes to making specific adjustments, and individual physicians have groups of beneficiaries that they feel strongly do benefit from the procedure. I raise this just to say that it is a very complex issue.

Senator WEICKER. I realize that it is complex, but if the clinical trial came up with that information, it seems to me that should be advised not to pay for the procedure.

Dr. ALTMAN. That may be.

Senator WEICKER. That is the whole purpose. I have no doubt that there are some doctors out there saying that it is good. Fine, there is no way that you can referee that kind of thing. But when you have a clinical trial, and the results of it, from NIH, I think that it is pretty conclusive.

Dr. YOUNG. We will look at that, and see the scope of the clinical trial. What you need to look at is the scope of the trial, and was it relevant to the DRG specifically. We have not conducted that analysis, nor have we had the information provided to us.

Dr. ALTMAN. We are in a bit of a bind on this type of subject, that is, whether we should suggest a denial of reimbursement for covered services. I think what I would rather see us do is make a strong statement to HCFA suggesting that they evaluate their coverage decision, rather than for us to make a recommendation that the Government shouldn't pay for something that HCFA still feels is an appropriate procedure.

We get into that box the other way around. HCFA makes decisions on procedures which they say are appropriate, and then they don't fund them, like MRI's. HCFA has said that MRI services are covered services, but they haven't put payment into the DRG System for it. So we at ProPAC are now saying, once you have made a decision to cover it, you should find a way to pay for it.

[The information follows:]

EXTRAINTRACRANIAL ARTERY BYPASS SURGERY

After further review we now understand that the subject of Senator Weicker's question concerned the usefulness of extraintracranial artery bypass surgery. The Commission is aware of this procedure, and that new findings on the procedure were published in the New England Journal of Medicine in December 1985. This procedure is currently a Medicare covered service for certain indications, based on advice to HCFA from the Public Health Service [PHS]. This advice predated the new research. HCFA has requested that the PHS re-review this procedure. If HCFA determines on the basis of the more recent information that services should not be covered by the Medicare program, ProPAC would consult with HCFA in making the appropriate adjustments in PPS to eliminate payment for this service. ProPAC, however, does not make the basic coverage decision. Rather, that is the responsibility of HCFA. ProPAC assists in pricing or setting payment levels after the coverage decisions is made by HCFA.

PROBLEMS OF EARLY DISCHARGE

Senator WEICKER. To what extent do you get into this problem of early discharges, that seem to have a rather adverse effect on the older population?

Dr. ALTMAN. Prior to the DRG, we had a reimbursement system which was cost based. To be as charitable as I can, the old system did not put any constraints on the medical community to think very hard about whether to keep people in the hospital for an extra day or two.

So conservative medicine being the way it is, if you had a decision to make to let the patient stay in the hospital for a few extra days, you would do it. Now the whole incentive to the medical community is to limit those longer lengths of stay. We have to assume that hospitals and physicians didn't deliberately keep people too long before, and it is not our assessment now that they are deliberately keeping people too short a time. They are trying to recalibrate what the right length of stay is. Every physician that I know, who is objective about it, says that there is no signs of deliberately keeping patients too short a time.

When you reach those last days, you are dealing with a recalibration of what is the appropriate protocol. As Medicare providers begin to move back, there is no question that occasionally they are going to err on the side of having someone in the hospital too short a period of time. That, I think, will work itself out as the medical community better understands it.

There is another side, though, and I think that this is what you are pointing to. Where a hospital is so bent on making money that they are pushing the system too hard to get people out too quickly, that is clearly inappropriate. We have suggested strongly in our recommendations that there are inappropriate, if not illegal, statements being made by some hospitals to the effect that the DRG payment has run out. That is absolutely wrong, because there is no fixed length of stay in the DRG, there is only an average length of stay.

We have made a whole series of recommendations in our report as to what beneficiaries should know, what the PRO should be doing, and we are going to be monitoring that very closely. But I would make a distinction between a reassessment of the appropriate protocol, and what I would consider the inappropriate and illegal behavior on the part of some hospitals and some physicians.

I can tell you that we have tried to look at this as hard as we can, and so far the evidence is not quite as strong as some people would have us believe. There is evidence that there are some patients who are being asked to leave too quickly, but this problem does not appear to be massive. That does not mean that it could not be. Therefore, we are going to be spending a lot of time this year in making sure that we know exactly what is going on.

Dr. YOUNG. The second part of the problem may be important. This problem may not reflect a deficiency in the Medicare Prospective Payment System. Those individuals may not need hospital level care, but rather there may be a deficiency in the availability of services in the community, a deficiency in home health benefits, a problem with how they are being administered, or a deficiency in skilled nursing facilities.

We have just overrelied on our hospitals and, therefore, undermined our home health services. Over time, there is reason that those home health benefits could be increasing by leaps and bounds. As a matter of fact, they are increasing so rapidly that HCFA is trying to slow them down. We think that may be a little inappropriate, because you can't ask for savings on both sides.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. All right, I have further questions for response to the record. Thank you very much.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Budget Request

Mr. Weiker: What was the original budget request you submitted to OMB?

Dr. Altman: Even though ProPAC is funded from the Medicare trust funds, we are a legislative branch agency. Thus we do not submit our budget to OMB for review and approval. We do submit our budget to OMB for printing in the annual budget documents which cover all government agencies for the subsequent year, and OMB prints our submission as we send it to them.

Mr. Weiker: Dr. Altman, you are requesting $3,421,000 for FY 1987, an increase of $528,000 from the FY 1986 appropriation. Yet, as you point out in your justifications, you will not be able to benefit from carryover funds, as you have in the past. So, the actual increase appears to be about $181,000 or 6 percent. Are there any significant changes in the Commission's activities anticipated in this budget for FY 1987?

Dr. Altman: We do not anticipate signficant changes in our activities in FY 1987 as compared to FY 1986. As you note, our appropriations request is larger than in past years, when we had carryover funds to apply to the budget. Thus our actual budget will not grow substantially in FY 1987. The increase sought will help to pay for the additional salary and travel expenses associated with Congressional action adding 2 new Commissioners to ProPAC, and for additional mainframe computer time to support our analytic activities.

Medicare PPS Capital Payments

Mr. Weiker: For FY 1987 the Commission recommends the phase-in of capital payments as a fixed percentage add-on to prospective payment system amounts. These payments would be phased in over a 7- to 10-year period. However, I understand that an amendment to delay implementing capital costs for at least a year until October 1987 will be offered on the Supplemental Appropriations bill in the House. What do you think of this moratorium?

Dr. Altman: My understanding is that some members of Congress favor passage of the moratorium so that the Congress will have the opportunity to review the inclusion of capital within the PPS, rather than having the Executive branch implement the inclusion of capital in PPS through regulations, as is their stated intention. The Commission believes that the Congress should have the opportunity to consider legislative action to implement new capital payment policy in FY 1987, but we do not favor the Administration's current capital payment proposal. The Commission believes that, while budgetary constraints must be considered, the estimated savings achieved from the Administration's proposal are severe and may place undue financial hardship on hospitals. Several other capital payment proposals, including the recommendations in our April Report to the Secretary, have been advanced and the Commission believes these are worthy of Congressional consideration.

ProPAC would favor a moratorium if it afforded Congress the opportunity to address capital payment through legislation. However, we would hope that the Congress could review the various proposals and options and act in time for implementation during this calendar year, to be effective at the beginning of Fiscal Year 1987, rather than waiting until next year.

Mr. Weiker: What would be the impact of this moratorium on the trust fund?

Dr. Altman: We believe that delaying implementation of new capital payment policy for at least a year would place additional demands upon the trust fund. The continuation of a capital pass-through would result in increased Medicare expenditures because capital spending is increasing at a faster rate than the capital market basket or the PPS update factor. For example, between FY 1983 and 1987, per-case capital spending is estimated to have increased 16 percent per annum. There is reason to believe that high capital spending levels will continue in the near future unless capital payments are incorporated in PPS.

Mr. Weiker: Do you think the inclusion of capital costs in the prospective rates is the way to go?

Dr. Altman: Yes, the Commission believes that capital should be included in the prospective payment rates. We feel that retrospective cost-based reimbursement for capital provides distorted incentives for hospitals which are receiving reimbursement for operating costs under the prospective payment system. The current capital payment system promotes insensitivity to interest rates and alternative financing methods. Some hospitals may have invested in capital to produce services that exceed the demands of the marketplace. Finally, hospitals are provided inappropriate incentivess to substitute capital for other operating costs.

ProPAC strongly believes that capital payment policy should provide neutrality in capital/operating cost trade-offs and promote cost-effective decision-making. By including capital in PPS payments, hospitals are provided the flexibility to make cost-effective decisions based on the unique characteristics of their institution.

Physician Payment Reimbursement Commission

Mr. Weiker: The recently passed Reconcilitation bill authorizes the creation of a Physician Payment Assessment group (PhysPAC) to make recommendations regarding Medicare physician payments. This Commission is to be separate from and independent of ProPAC. What do you think about the role of this Commission?

Dr. Altman: There are a number of serious public policy issues related to physician payment under the Medicare program which certainly need careful review and assessment, and I suspect that the newly-mandated Commission has the potential to make some helpful and substantial contributions to the development of reform in this important area. The new Commission is modeled on ProPAC, and this model seems to offer a useful public policy device. The responsibilities given to ProPAC -- that is, monitoring and updating an ongoing hospital reimbursement system -- are very different than the responsibilities suggested for PhysPRC, which relate partially to the development of an entirely new reimbursement system for physicians, rather than to monitoring and updating an established system.

Mr. Weiker: How soon do you think the new Commission could be operational, if the Commissioners are appointed by May of this year?

Dr. Altman: Based on our experience, I would think that the new Commission could be staffing-up and beginning analytic activities within 4 to 6 months or so, if they receive an appropriation.

Mr. Weiker: How much funding would be required for this year?

Dr. Altman: I cannot say for sure, but assuming that PhysPRC began meeting this summer, I would think they would need several hundred thousand dollars to cover expenses related to Commissioner salaries, travel, rental of space, recruiting and salaries for staff, purchase of equipment, etc.

Mr. Weiker: How much funding would be required for the first full year of operation.

Dr. Altman: Based on our experience, the following budget items would seem appropriate for inclusion in a PhysPRC budget. The information below is based on ProPAC experience and budget figures. Some figures come from our start up period (for example, funds needed for items such as equipment are from fiscal year 1985 actual funding) and other figures are based on our current fiscal year 1986 budget (for example, salaries, benefits, etc.). The figures listed below would have to be further developed in order to come to a final, total budget. For example, staff salaries, benefits, and travel would be multiplied by the number of staff anticipated for the Physician Commission. Also, the information does not include any allotment for data development and analytic support such as mainframe computer time or extramural research or contracts.

Staff Salaries - (average per person) - $40,000

Commissioner Salary - (Based on $278 per day, average of 14 days per year) - $3,892

Benefits - (average per person) - 11.2%

Staff travel - (average per staff) - $900

Commissioner travel - (average per Commissioner) - $5000

GSA administrative costs - $38,000 (based on FY 85, start-up year)

SLUC - $80,000

Contracts for meeting rooms - $3,500 per meeting (includes court reporting, audio visuals, etc.)

Supplies - $17,000 (FY 85, start-up year)

Equipment - $30,000 (FY 85, start-up year)

Communications (FY 85)
  Telephone - $25,000
  Postage - $16,000

Duplication and Printing - $12,000 (estimate based on FY 86 ProPAC duplication and printing costs for 1 formal report)

Mr. Weiker: If Congress decided so, do you think ProPAC could incorporate and fulfill the duties of this Commission?

Dr. Altman: One option considered by the Congress before it enacted the final provisions mandating PhysPRC was to have ProPAC assume these responsibilities as a subcommittee-type of function. We did not take a position on this proposal, but we were somewhat concerned at this early stage in our development about whether this approach would compromise our ability to continue our activity in PPS while assuming these other new responsibilities. We were also concerned that the proposed organization arrangement would be a very difficult one within which to accomplish the tasks assigned.

Post Discharge Services

Mr. Weiker: In your February report "Medicare Prospective Payment and the American Health Care System," you state that "the use of post-discharge services appears to have increased, but more beneficiaries or their families purchase the services themselves." You further note that beneficiaries pick up more of these costs because Medicare has limited growth in coverage in these settings. Based on these finding, how will you proceed with your recommendations to Congress and the Secretary in the future?

Dr. Altman: We will continue to closely monitor the sitution and the trends, and make specific recommendations when there is concensus about the need for change. As a general matter, the Commission has noted many times that we believe that savings from PPS should be shared with the industry and with the beneficiary. This led us to our recommendation this year concerning the reassessment of the methodology for developing the hospital deductible.

Combining ProPAC Reports

Mr. Weiker: Do you think you could combine this "February" report with your "April" report, in which you make your recommendation for the prospective payment system?

Dr. Altman: We certainly could combine the two reports and we have discussed doing so, although we have not made a final decision one way or the other. Much of the work published in the February report is work that we would do in preparation for the

April report anyway, so it is not a matter of actually doing less analytic and substantive work. The April report is rather large in volume already, and this may mean that it is better to keep the reports separate. In addition, based on what we have heard from the public, the February report seems to be of interest to a wider group of people than the April report and therefore may be meeting needs for a more general document.

ProPAC Research

Mr. Weiker: The request for 1987 includes a research budget of $1 million, the same amount as for 1986 and 1985. Has a formal research plan for 1987 been developed by the staff and approved by the Commission at this time?

Dr. Altman: A formal research plan has been developed by the staff and will be approved by the Commission at its June meeting.

Mr. Weiker: In what areas of research do you plan to focus?

Dr. Altman: Our tentative research plans for Fiscal Year 1987 include review of: individual new or changing technologies or practice patterns; changes in case-mix and patient complexity; quality of care and beneficiary access to care; rural hospital issues; measurement of the hospital product; and variations in nursing intensity.

New ProPAC Commissioners

Mr. Weiker: A provision of the recently passed Reconcilitation bill of 1985 provides for two additional Commission members, thereby increasing the size from 15 to 17 members. What particular areas of expertise will these new members bring to the Commission?

Dr. Altman: Under the law, the Director of the OTA is charged with the responsibility of appointing Commissioners, and it is a task that I am pleased to leave to him! The legislative history accompanying the enactment of this provision suggested that a representative of nursing and a representative of rural hospitals should be appointed. In fact, just before the enactment of Reconciliation, OTA had made regular appointments to the Commission, and had appointed representatives with these types of backgrounds. It is my understanding that OTA is now soliciting nominations for the additional two slots.

Mr. Weiker: When will these members begin their terms of service with the Commission?

Dr. Altman: OTA has advised us that they intend to make the appointments in time for the new Commissioners to attend our June meeting.

Increases in ProPAC Budget

Mr. Weiker: The FY 1987 request for travel increases from $115 to $132,000, or by about 15 percent. Why do you believe you will need that increase in travel in FY 1987?

Dr. Altman: Much of the travel budget is spent by Commissioners coming from their homes to Washington or other locations for meetings of the Commission and Subcommittees. Congress' recent addition of two Commissioners to ProPAC will create a need for additional travel funds for those individuals. Staff travel expenses have increased due to the growing awareness of the Commission and its role. Many different groups involved in health care delivery and financing, including groups such as professional and beneficiary associations, have requested that ProPAC staff meet with or address them to describe the Commission and its activities and explain how they may play a role in the Commission's business. With regard to all of our Commissioner and staff travel we make every attempt to minimize expenses.

Mr. Weiker: Your budget proposes an increase of $75,000 or 27% for mainframe computer services. Since much of your quantitative information requirements are handled through your research grant activity, why the increase?

Dr. Altman: Actually, a great deal -- in fact, more than half -- of our quantitative data development and analytic activity is handled by our own staff on intramural projects. We work with programming support provided through a contract and utilizing research funds. But our own staff conceives and directs the work, reviews and analyzes the computer output, develops new approaches to review of the data, etc. We often use the Medicare PATBILL file, which contains all the Medicare hospital bills for a given year. This involves 10.7 million records, with 65 variables on each record. All of this information must be processed on the mainframe. This is a very expensive undertaking, as you can imagine from the size of the data files we are working with.

ProPAC Budget Increases

Mr. Proxmire: I note that your travel budget will have jumped from $80,000 in 1985 to $132,000 if we approve your 1987 request. You are asking for an increase for travel of more than 10% between 1986 and 1987. Why is your travel budget going up so rapidly?

Dr. Altman: As I noted in my answer to Mr. Weiker, most of the travel budget is spent by Commissioners coming from their homes to Washington or other locations for meetings of the Commission and Subcommittees. Congress' recent addition of two Commissioners to ProPAC will create a need for additional travel funds for those Commissioners live in other parts of the U.S. They replaced Commissioners who resided in the Washington, D.C. metropolitan area. Thus, turnover in Commissioners also affects the travel budget.

Staff travel expenses have increased due to the growing awareness of the Commission and its role. Many different groups involved in health care delivery and financing, including groups such as professional and beneficiary associations, have requested that ProPAC staff meet with or address them to describe the Commission and its activities and explain how they may play a role in the Commission's business.

Mr. Proxmire: Last year at this time you estimated your 1986 mainframe computer services costs would be $250,000. Your current 1986 estimate is $275,000 and you are projecting costs of $350,000 next year. Why is your computer bill increasing so sharply?

Dr. Altman: Our mainframe computer budget relates directly to the research and data development effort which allows us to analyze where the Medicare hospital dollar is going and what impacts will be felt by changes in where those dollars go. We believe this is a critically important area. In order to do this data development, we use the Medicare PATBILL file, which includes the 10.7 million annual individual Medicare hospital bills, each containing 65 variables. Our own work with the PATBILL data has increased over the last two years, and in addition the hourly charge by the House of Representatives Information System, with whom we contract for mainframe computer services, has also increased over the the past two years. Thus our total budget item in this category has also increased substantially.

Second Opinions for Surgery

Mr. Proxmire: Dr. Altman, as you may know, the question of requiring second opinions for certain procedures under the Medicare program has generated a great deal of recent debate. Has you Commission had occasion to look at this issue, and if so, what conclusions have you reached?

Dr. Altman: ProPAC has not reviewed the area of second opinions for surgical procedures. I understand that this is one of the mandates for the new Physician Reimbursment Review Commission.

PPS Ability to Respond to New Technologies

Mr. Proxmire: Dr. Altman, are you concerned over the unwieldiness of the DRG system in terms of its inability to incorporate the latest clinical findings? For example, we were told earlier this year by an NIH witness that an extracranial/intracranial bypass procedure, which costs about $15,000, had proven to be unnecessary since drugs could do the job just as well, yet the procedure is still being paid for under the Medicare program. Are you concerned about the ability of the system to respond to new developments?

Dr. Altman: While I share your general concern about the prospective payment system's ability to respond to new technologies or practice changes, the Commission has made several recommendations to the Secretary of HHS intended to keep the system flexible and up-to-date. The example you cite relates much more directly to the process by which Medicare decides to pay for, or "cover," a procedure than to problems which would relate to setting a price for the procdure under the DRGs. The so-called coverage process has not really changed with the advent of PPS. HCFA is charged with the responsibility for making these coverage decisions, and they usually solicit advice from the Public Health Service in their decision-making process. In the specific instance you cite, it is my understanding that research published in December 1985 has cast doubt about whether this procedure is medically appropriate, and HCFA has thus requested PHS advice about whether the procedure should continue to be covered by Medicare. In the event that HCFA decides that the service should not be Medicare-covered, ProPAC would consult with HCFA in making appropriate adjustments to the PPS payment amounts in order to eliminate payment for the service.

Beneficiary Medicare Deductible

Mr. Proxmire: Dr. Altman, in your prepared statement you refer to an "inappropriate increase in the beneficiary deductible caused by significant declines in the length of stay" since the prospective payment system was implemented. In your April 1 report you say you have recommended a change in the method of computing the beneficiary inpatient hospital deductible. Is the Reagan administration going to endorse this recommendation?

Dr. Altman: I do not know whether the Reagan administration will agree with our recommendation to change the methodology for computing the hospital deductible. It has been the Administration's practice to comment in their Notice of Proposed Rulemaking for the upcoming PPS fiscal year on each of our recommendations. If they continue this practice this year, we can expect to see their specific reaction to this recommendation in the NPRM.

ProPAC Staff Plans

Mr. Proxmire: I note that you plan to make an addition to your staff next year and that this position will be the equivalent of a GS-15. Can you tell us what duties this new staffer will perform?

Dr. Altman: During FY 1986 we chose to take our Gramm-Rudman-Hollings cut in the area of personnel, by leaving slots unfilled. In addition, to date we have been able to fill our positions at a slightly lower grade level than we initially projected. Our current projections, however, are unchanged from past budget submission. It is likely we will need to fill some open positions with individuals possessing the skills necessary to conduct the highly complex economic and quantitative analysis necessary to carry out our responsibilities.

RAILROAD RETIREMENT BOARD

STATEMENT OF ROBERT A. GIELOW, CHAIRMAN

ACCOMPANIED BY:

JOHN D. CRAWFORD, MANAGEMENT MEMBER,
C.J. CHAMBERLAIN, LABOR MEMBER
KENNETH P. BOEHNE, ASSOCIATE EXECUTIVE DIRECTOR FOR FISCAL OPERATIONS

PREPARED STATEMENT

Senator WEICKER. Our next panel of witnesses represent the Railroad Retirement Board. Here to testify this morning is Robert A. Gielow, the Chairman; John D. Crawford, the management member; and C.J. Chamberlain, the labor member.

Gentlemen, why don't you summarize your statements and of course, your entire statement will be placed in the record.

[The statement follows:]

STATEMENT OF ROBERT A. GIELOW

Mr. Chairman and Members of the Committee, I would like to begin with some general information about the Railroad Retirement Board.

Programs Administered by the Railroad Retirement Board

The Railroad Retirement Board is an independent agency in the executive branch of the Federal Government. Our primary function is to administer retirement/survivor and unemployment/sickness insurance benefit programs for the nation's railroad workers and their families, under the Railroad Retirement and Railroad Unemployment Insurance Acts. In connection with the retirement program, the Board has administrative responsibilities under the Railroad Retirement Act for certain Social Security benefit payments and railroad workers' Medicare coverage.

Because of our experience with railroad benefit plans, the Board has been given, in recent years, administrative responsibility for certain employee protection measures provided by other Federal railroad legislation, such as the Regional Rail Reorganization Act and the Northeast Rail Service Act. These programs will soon expire and current claims levels are declining.

During fiscal year 1985, the Board paid over $6 billion in retirement and survivor benefits and over $175 million in unemployment and sickness insurance benefits. At the end of the fiscal year, there were over 950,000 beneficiaries receiving railroad retirement and survivor benefits. During the benefit year that ended in June 1985, over 80,000 railroad workers received unemployment insurance benefits and over 50,000 received sickness insurance benefits.

Sources of Revenue

The primary source of revenue for the retirement/survivor program is payroll taxes on railroad employers and employees. Other sources of revenue currently include a financial interchange with the social security trust funds, interest on investments, and general funds. For certain vested dual benefit payments which will continue through the year 2025, the Congress appropriates funds from the general Treasury.

Railroad unemployment and sickness benefits are funded by payroll taxes on railroad employers and through loans from the rail industry pension funds.

Structure of the Board

The Board is administered by three members appointed by the President, with the advice and consent of the Senate. One member is appointed upon recommendation of railroad employee organizations, and another is appointed upon recommendation of railroad employers. The third member, who is the Chairman, is independent of railroad labor and management and is appointed to represent the public interest. The terms of office are 5 years, and they are scheduled to expire in different years.

In January of this year, we welcomed another Presidential appointee to the agency. Mr. William J. Doyle III was appointed Inspector General of the Railroad Retirement Board. Mr. Doyle does not participate in the administration of the agency, but rather, is independent. He is responsible for keeping the Board Members and the Congress informed about problems and deficiencies in the Agency's programs and operations, about the need for corrective action and about progress of corrective action.

Recent Developments

In August 1985, we observed the 50th anniversary of the Railroad Retirement Act of 1935. Since 1935, the Board has awarded benefits under the railroad retirement system to 1,600,000 retired railroad employees, 900,000 spouses and 2,000,000 survivors. The Board looks forward to continued service to the railroad industry.

Like the industry it serves, the Board is taking advantage of advances in technology to improve its operations. Our highest priority effort is to improve our automated systems so as to better serve our beneficiaries.

Detailed system design is underway to develop an on-line transaction-oriented retirement claims processing system (RCPS) that will encompass retirement, survivor and Medicare claims operations. January 1988 is our target completion date for this system.

We are also making progress toward our goal to integrate and automate various administrative and financial management functions. We began development of an administrative management information system (AMIS) in fiscal year 1983. Most of the major components of the AMIS system are currently in production or system testing. AMIS is also an on-line transaction-oriented system and will interface with the RCPS.

We have installed terminals in 79 field locations. These terminals are currently being used to answer questions regarding the status of benefits. Some field offices are inputting data into the AMIS system on a test basis. Eventually the RCPS system will be made available to field offices through these terminals.

In October 1985, we completed a major upgrade of our computer facility. This included acquisition of a new computer mainframe and high density disk storage system. This upgrade will support the large data base operation currently being developed.

Public Law 99-177

In implementing sequestration required for fiscal year 1986 under the Balanced Budget and Emergency Deficit Control Act of 1985, the Board reduced its limitations for administrative expenses by a total of $3,092,000. In keeping with Administration guidelines, the Board made this reduction without furloughs or reductions in force.

We made a reduction of $1,667,000 in the rent of equipment object class because we were able to purchase a new computer and disk storage devices with reprogrammed fiscal year 1985 funds approved by the Congress. We then reduced, as much as we thought we could, funds in various other object classes, such as travel, rent of building, communications, printing, medical fees, training, and supplies. Finally, we made a reduction of $318,000 in funds for the retirement claims processing system.

Sequestration also resulted in a reduction of $16.9 million from the $392 million appropriated for vested dual benefit payments. About 310,000 railroad retirement annuities include vested dual benefit payments. Decreases to these payments are estimated to average $10 a month for retired employees, $8 a month for spouses and $4 a month for widows. The average reduction in the total monthly check for those receiving a windfall dual benefit will be about 2%.

Together these changes will result in a less than 1% decrease in the average monthly railroad retirement check.

In the Rail Industry Pension Fund, $18 million for benefit payments were sequestered. Suspended were tier II railroad retirement cost-of-living increases averaging $2 a month for retired employees and $1 a month for spouses and widows.

Funds available for railroad unemployment and sickness insurance benefits were reduced $7.8 million. Current estimates indicate, however, that remaining funds will be adequate for the payment of railroad unemployment and sickness insurance benefits without reduction during the rest of the fiscal year, if rail industry unemployment does not increase substantially from the levels currently forecast.

1987 Appropriations Requests

For fiscal year 1987, there is an appropriations request for administrative expenses for the railroad retirement/survivor benefit program and a separate request for administrative expenses for the Office of Inspector General. The Railroad Unemployment Insurance Act provides for permanent appropriations of funds for the administrative expenses of the unemployment/sickness insurance program.

Other requests are for appropriations for vested dual benefit payments and for reimbursement to the trust funds and the dual benefits payments account for uncashed checks.

Summary of Estimated Administrative Expenses

For fiscal year 1987, the Administration estimates that $70.7 million will be needed for the agency's administrative expenses. This is $1.2 million less than the original appropriation for fiscal year 1986 but $1.9 million more than the amount available after reductions under Public Law 99-177. The proposed level of 1,523 full-time equivalent employees (FTE's) for fiscal year 1987 is 55 less than the fiscal year 1986 level of 1,578 FTE's.

Limitation on Administration

The Administration's request for administrative expenses for the retirement/survivor program is $55,614,000. This will support 1,128 FTE's and their associated expenses. An additional 54 FTE's are funded from this account by a transfer from the Health Care Financing Administration to provide for administration of railroad workers' Medicare coverage.

Limitation on Railroad Unemployment Insurance Administration Fund

The Administration estimates that $13,919,000 and 306 FTE's will be needed in fiscal year 1987 for the administrative expenses of the unemployment/sickness insurance program. The Administration estimates also allow for an additional 10 FTE's for administration of the Title VII labor protection program under the Northeast Rail Services Act.

Limitation on Review Activity

This request is for administrative expenses of the recently established office of Inspector General. The Administration estimates that $1,167,000 will be needed. This will support 25 FTE's.

Dual Benefits Payments Account

The Administration requests $351,880,000 for vested dual benefit payments for fiscal year 1987. Of this amount, 75% is to be derived from general revenues and the balance from railroad employer contributions. This will allow continuation in fiscal 1987 of vested dual benefit payments at the level individuals will receive in September 1986.

Federal Payments to the Railroad Retirement Accounts

The Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to provide for monthly transfers from the Treasury of amounts represented by benefit checks drawn 6 months or earlier but not presented for payment. Amounts for reimbursement of such uncashed checks must be provided in advance in appropriation acts. The 1987 budget request, $3,100,000, is based on an estimate of the amounts due for such uncashed checks.

Administration Proposals

On behalf of the Administration, I am presenting the President's fiscal year 1987 budget proposals to correct inconsistencies and improve equity in the rail industry pension system.

The Administration considers the rail industry pension and unemployment systems inappropriate Federal functions and proposes transferring the rail pension system to the private sector and the rail unemployment program to the States. Under this proposal, rail labor, management, and retirees would be free to manage their pension system in the private sector without regard to P.L. 99-177 and other constraints.

The Administration also seeks immediate improvements.

Improvements would be accomplished by:

— Subsidizing fully 75% of vested dual benefit payments from Federal appropriations, the rest to come from the rail sector. This would reduce the current windfall subsidy of some $1000 per railroad employee to about $750.

-- Extending Federal/State unemployment insurance coverage to railroad employees.

-- Correcting a legislative anomaly that discriminates in the treatment of rail industry pensions for cost-of-living adjustment purposes which would make uniform the treatment of all rail industry pensions. The Consolidated Omnibus Budget Reconciliation Act enacted the Administration's proposal to make consistent the way rail industry pensions treated. This proposal would simply extend the consistent treatment to cost-of-living increases.

-- Reviewing railroad retirement disability beneficiaries' eligibility. Social security finances railroad disability and pays more than it should because the Railroad Retirement Board does not review its disability rolls on a regular basis.

-- Offsetting railroad retirement disability benefits by the amount beneficiaries receive for the rail sector's equivalent of workers' compensation under the Federal Employers' Liability Act. Social Security offsets other workers' compensation against disability benefits but again pays more than it should to finance rail disability by not offsetting for rail sector's workers' compensation.

-- The railroad retirement trust fund would pay full cost of civil service retirement benefits for employees of the Railroad Retirement Board. Some 60% of those costs are currently financed by general taxpayers.

ACCOMPLISHMENTS

Mr. GIELOW. Thank you, Mr. Chairman.

We would like our statements submitted for the record. I would like to introduce two people to you. We have a new management member, Mr. John Crawford, who was appointed in May 1985. We also have our new statutory inspector general Will Doyle, sitting in the rear, who was appointed in January 1986.

I would like to make a few comments about what I think we have accomplished, since we were last here, and also say something about what we see as the major problems we are going to have to confront for the balance of the year, and also in 1987.

The first accomplishment that I would like to mention is the installation of terminals in 79 of our field offices. It was done with outstanding success, and our local offices now are able to provide on-the-spot answers to many of our beneficiaries' questions. The cumbersome process that we had in the past necessitated field offices referring to our headquarters staff for answers.

Second, our administrative management information system is almost complete. Most of the system is either in production or in testing. We are particularly pleased about this because we have used a lot of off-the-shelf programs and modified them to our own use.

It is a goal of the administration to use off-the-shelf software, and I think we are one of the first agencies to have accomplished that. In some instances, it has taken longer to install than we had planned, and as a result we are a little bit behind in the actual implementation. However, the success, I think, is reflected by the fact that we have had the General Accounting Office, the Federal Deposit Insurance Corporation, the Smithsonian Institution, the Central Intelligence Agency, all coming to take a look at what we have accomplished in our administrative management system.

Third, we have installed a new computer in a new computer facility which has gone without a hitch. This gives us much greater reliability than we had, and also 10 times the previous computer capability. This is really essential because our big automation goal, our retirement claims processing system, is going to require this capacity both for implementation and when completed.

We are about halfway along with this over $15 million contractual project. A major milestone and decision is due this fall with completion scheduled in 1988. As we continue toward the completion of these projects, we recognize that our first priority is maintaining our current delivery of services, and it is here that we face one of our biggest challenges.

LEGISLATIVE CHANGE

As you know, the budget reconciliation bill revised the taxation provisions of some of our beneficiaries. This, enacted 2 weeks ago, and beginning with the tax year 1986, requires us to compute and redistribute portions of the railroad retirement annuities, taxable under various sections of the Internal Revenue Code, to approximately 450,000 of our almost 1 million annuitants. Because the change affects the taxation of benefits already paid, as well as benefits to be paid, we are having to redeploy our staff, reconsider our overtime plans, and look at other budgetary resources in order to get this job done.

We are required to get tax notices out to our beneficiaries by January 1987. We recognize the priority of this effort, and we have been in the process to do this. However, this cannot be done without sufficient numbers of people who are qualified and trained to do their job.

PROBLEMS IN RETAINING PERSONNEL

We have experienced some difficulty in attracting and retaining employees of good caliber, especially in the data processing area. We have had some success, and we have developed some innovative employee training programs, but we really believe the problems in data processing go beyond the ability of individual agencies to resolve.

I might say that we have developed a program in connection with DePaul University, 14 of our data processing people have gone to it, 7 of whom are now onstream. We have developed and we are using an audio terminal, and we are using two blind computer programmers for developing systems. These are accomplishments that we have made. However, we do lose our grades 10 and 11 almost as rapidly as they get to that level. They are subject to private industry coming in and offering them 30 to 50 percent more than we are able to pay them.

In summary, I would say that we have had a year of unusual accomplishments, but we have unfinished tasks plus the new taxation project. Our present resources are stretched to the limit, and we are going to have to readjust our priorities in order to accomplish the mandates that we have. We can't possibly do our job with less than the resources that we had last year.

I think that Mr. Chamberlain would like to make a brief statement, if he may.

MR. CHAMBERLAIN'S COMMENTS

Mr. CHAMBERLAIN. Thank you, Mr. Chairman.

Mr. Chairman, we are once again honored to have the opportunity to appear before you to answer your questions and your concerns relating to the appropriation request for the Board. We found that this committee has always been sensitive to the needs of the Railroad Retirement System.

Your past support for reasonable levels of funding and staffing has allowed our agency to continue providing a good level of services to our beneficiaries.

We take pride in the fact that we have consistently maintained a record of low administrative costs for the system, and we will continue to review our operations to ensure their efficiency and effectiveness.

As alluded to by Mr. Gielow, concerning the recently passed legislation, our agency must comply with those increased reporting and tax accounting requirements, and in order to fully meet these requirements, the Board must spend a significant amount of time during the coming year to make the necessary program and operational changes.

We would hope that in reviewing the agency's personnel needs, the committee will recognize the need to upgrade and maintain the new system required under the new tax reporting and accounting provisions, while continuing to provide good service to our beneficiaries.

As a labor member, I would like to again thank the committee for its past support, and we certainly look forward to working with the committee during this coming year.

Thank you very much.

Senator WEICKER. Thank you, Mr. Chamberlain.

Mr. Crawford.

MR. CRAWFORD'S COMMENTS

Mr. CRAWFORD. Mr. Chairman, it is an honor to be here. I think I will follow the Senate custom of a freshman being seen, but not heard, and I will submit a written statement for the record. I have nothing to add to that.

[The statement follows:]

STATEMENT OF JOHN D. CRAWFORD

Mr. Chairman and members of the committee, I am John D. Crawford, management member of the Railroad Retirement Board. I believe Mr. Gielow has succinctly and correctly summarized the state of the Railroad Retirement Board as of this date. He has also given the committee an accurate summary of the proposals in the President's budget.

As management member, I am concerned about the effect several of these proposals would have on the already high level of taxes paid by the carriers. Specifically, railroad management considers that the proposal for the railroad sector to finance 25 percent of vested dual benefit payments, which would impose an additional $88 to $96 million in retirement taxes on the employers during fiscal year 1987, is not justified. This committee is well aware of the reasons for Congress' decision in 1974 to relieve the carriers of the financial responsibility for benefit payments for which taxes have not been paid to the Railroad Retirement Board. I will not burden the record with a repetition of that history, but will be happy to furnish information if requested.

The railroad industry is also being asked to pay an additional $8 million per year in order to pay the full actuarial costs of civil service retirement benefits for employees of the Railroad Retirement Board. This represents an increase in payroll taxes from 7 percent to almost 28 percent of payroll. Since other Federal agencies would have payroll taxes increased only 2 percent this year, and Congress decided more than 50 years ago that it was in the public interest to establish a Federal agency to administer the Railroad Retirement and Unemployment System, treating the Railroad Retirement Board differently from other Federal agencies is not justified.

For these reasons, I would like to place on the record my reservations as to the administration's proposals in the budget.

Thank you for the opportunity to present my views.

SENATOR PROXMIRE'S VOTING RECORD

Senator WEICKER. Thank you very much.

I am now going to turn the gavel and Chair over to my good friend, Senator Proxmire. But I think it worthy of note that this morning, coming in to work, I heard on the trivia of the day section, and it is not very trivial in my book, knowing what it takes to respond to the duties imposed on us, that Senator Proxmire today celebrates 20 years in the U.S. Senate without missing one rollcall vote. I think that it is simply excellent.

[Applause.]

Senator PROXMIRE [presiding]. I appreciate that very much. Some of my opponents in Wisconsin say that we would have a better country if I had missed them all. [Laughter.]

BACKLOGS

I have three or four questions that I am going to ask, and the rest I will submit for the record because we have a number of other agencies coming before us this morning.

Mr. Gielow, I understand the Board had a backlog of retirement adjustments last year amounting to $55 million. The actual dollar value was estimated to range between a net overpayment of $10 million and a net underpayment of $55 million. That is a record that does not look good on the surface, but perhaps you can explain it. How do you account for that backlog?

Mr. GIELOW. I believe you are referring to a GAO report that refers to discrepancies between Social Security and ourselves. I think there is room for a difference of opinion on that subject, and I would like to ask if Ken Boehne would like to provide more detail on that.

Mr. BOEHNE. The backlog to which you are referring is one that we have had for some time, and have begun working on. I think that last year, when we came here, we had a backlog of about 100,200 cases, and now we have a backlog of 83,500 cases. We are continuing to work off the backlog and we hope to put as many as 23 FTE's toward it this fiscal year.

Senator PROXMIRE. You are saying that there are still 83,500 pending cases, which means there are 83,500 beneficiaries who are affected by this backlog?

Mr. BOEHNE. There are 83,500 beneficiaries that could be affected. As we work off the backlog, we find that some discrepancies don't actually have a benefit impact. The estimate made was a rough estimate, and dollarwise it ranged from $55 million as the high mark for underpayments to $10 million going the other way—overpayments. But that was a rough estimate made by our research group. As we work off the backlog, we get a better feel for what the real impact is.

Senator PROXMIRE. How many of the 83,500 would not have a benefit impact?

Mr. BOEHNE. Last year the backlog was 100,200 compared to 83,500 this year. We categorize it in two ways. One type is a cost-of-living adjustment. As we make cost-of-living adjustments, we find that there are some discrepancies, and some of those end up being payment discrepancies, and others do not. We also have a mass mechanical adjustment to include earnings after retirement, and those cases too are included in that total.

Basically, in the total, you have about 70,200 records that were adjusted for cost of living where there are discrepancies in the system. We have to sort out and identify how much is involved and then correct the payment amount if there is a discrepancy. Then you have 13,300 cases which are rejected from mechanical processing, and the review of them must be manual. There must be an adjustment to bring in earnings, earnings that were received after retirement.

Senator PROXMIRE. But there are still 83,500 people affected. How long do you think it will take to eliminate that backlog?

Mr. BOEHNE. It will take 5 years at the current staffing level. Our plan for resolving those cases projects that the backlog will be eliminated in 5 years, with the staffing level that we have addressing it.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator PROXMIRE. Gentlemen, thank you very much. As I said, I have other questions for the record.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

DUAL BENEFITS APPROPRIATION REQUEST

Question. What was the Railroad Retirement Board's original request to OMB?

Answer. The Railroad Retirement Board's original request for the dual benefits payments account, submitted to the Office of Management and Budget in August 1985, was for $375 million. The agency subsequently determined, based on updated economic assumptions, that $380 million would be needed for full funding of vested dual benefit payments in fiscal year 1987.

Question. I understand that in fiscal year 1986, the 4.3 percent Gramm-Rudman-Hollings cut translates into a 7.7 percent reduction, since the cut affects beneficiary payments from March through September. I'm amazed to see that the Administration proposes to continue the 7.7 percent cut in the fiscal year 1987 dual benefits appropriation.

How much money does this 7.7 percent reduction translate into?

Answer. Continuation of the reduction in vested dual benefit payments into fiscal year 1987 would amount to approximately $28 million.

Question. Do you agree with the Administration that the cut imposed on dual benefits by the fiscal year 1986 sequestration should be considered permanent?

Answer. The Balanced Budget and Emergency Deficit Control Act of 1985 was enacted to provide a mechanism for reducing budget deficits during each fiscal year in the period 1986 through 1991. The scheme of that act, as expressly provided by the act itself, is to treat each fiscal year as an entirely separate entity. A separate determination is made as to the amount of the deficit expected in each fiscal year, and reductions are triggered for a specific fiscal year only if the expected deficit for that fiscal year exceeds a specified amount. Further, even if it is initially determined that an anticipated excess deficit for a particular year would trigger automatic reductions for that fiscal year, the act specifically provides that those reductions will not occur if the Congress subsequently enacts legislation eliminating the excess deficit for that fiscal year. Accordingly, it would appear that any effort to continue the reductions required in one fiscal year into a subsequent fiscal year would be contrary to the clear intent and purpose of the act.

Question. Secondly, the Administration proposes a legislative change to fund 25 percent of this account by the rail sector fund, or by increasing the employer tax.

As you may know, I have consistently objected to including legislative proposals as part of any budget request. My question is this: How much funding would need to be added if no legislative changes are assumed?

Answer. An additional $124 million would be needed to fully fund vested dual benefits. In fiscal year 1987, $380 million is required to fully fund vested dual benefits. This is $124 million more than the net appropriation after considering the proposed legislative changes. The difference includes (1) funding 25 percent of benefits by the rail sector (about $96 million) and (2) continuing fiscal year 1986 benefit reductions in fiscal year 1987 (about $28 million).

Question. In order that I understand this correctly, let me restate the Administration's proposal:

The Railroad Retirement Board requested	$380 million
The Administration proposed a 25% legislative funding change which translates as	-96 million
	$284 million
In addition, the Administration proposed continuing a 7.7% reduction which equals	-28 million
So, the net appropriation request to the Congress is, with rounding, approximately	$256 million

-- Am I correct?

Answer. Yes, you are correct.

Question. What level of funding would be necessary to pay full dual benefits in fiscal year 1987?

Answer. In fiscal year 1987, $380 million is required to fully fund vested dual benefit payments.

CIVIL SERVICE PROPOSAL

Question. The Administration is proposing a language change so that the Railroad Retirement Board would pay from its trust funds the full normal costs of civil service retirement benefits for employees administering the rail sector program.

What does the Board currently contribute to civil service retirement?

Answer. The Railroad Retirement Board's current employer contribution for civil service retirement coverage for its employees is 7 percent of payroll, the same contribution rate applicable to other Federal government agencies. Railroad Retirement Board employees contribute an additional 7 percent.

Question. What are the "full normal costs of civil service retirement benefits"?

Answer. The latest determination by the Board of Actuaries of the Civil Service Retirement System, which was released in January of 1985 and was based on a valuation of the civil service retirement system as of September 30, 1982, produced a rate of 34.9 percent of payroll.

Question. Why is this change being proposed?

Answer. The President's budget indicates that this change represents movement towards the goal of a self-sufficient railroad retirement system.

Question. What would be the additional cost to the Trust Funds?

Answer. This change would result in an annual increase of approximately $8 million in the Railroad Retirement Board's civil service retirement contribution, the cost of which is not reflected in current appropriation requests.

Question. Is any other Federal agency being asked to pay the full normal costs of retirement?

Answer. To the best of our knowledge, no other Federal agency is being asked to pay the full normal costs of civil service retirement coverage in fiscal year 1987.

APPOINTMENT OF INSPECTOR GENERAL

Question. Has the Board appointed an Inspector General, as authorized by P.L. 98-76 (Railroad Retirement Solvency Act of 1983)?

Answer. President Reagan nominated William J. Doyle III to be Inspector General of the Railroad Retirement Board in October 1985. The Senate confirmed this appointment in December 1985.

Question. When did the Inspector General begin his duties with the Board?

Answer. Mr. Doyle began his official duties as Inspector General of the Railroad Retirement Board in January 1986 and took up permanent residence in the Chicago area in March 1986.

MANAGEMENT CONTROLS

Question. Please describe your progress in establishing effective management controls in fiscal year 1986.

Answer. The Railroad Retirement Board has a formal program to review and improve internal controls. This program requires ongoing vulnerability assessments and internal control reviews. It also requires action plans to correct any weaknesses or deficiencies that are identified. We have certified 111 of the 132 systems in the agency and have action plans to address the remaining systems that have not yet been certified. During fiscal year 1986, we have completed three action plans.

Question. What are your plans for fiscal year 1987?

Answer. During fiscal year 1987, we will continue to address the deficiencies and weaknesses in internal controls that have been identified in vulnerability assessments and internal control reviews. However, the remaining identified deficiencies primarily concern our oldest, largest and most complex systems. We will continue to make improvements where we can, but progress depends primarily on completion of major computer systems development efforts, such as the Retirement Claims Processing System, that are in progress or planned.

INSPECTOR GENERAL FUNDING

Question. The fiscal year 1987 budget request is for $1,167,000 and 25 full-time equivalent (FTE) positions. Do you think that is adequate funding and staffing for the duties of this office?

Answer. The Office of Inspector General (OIG) is currently developing workplans for the three areas of OIG operations -- audit, investigation and management analysis. Preliminary results indicate that the fiscal year 1987 proposed staffing and funding levels are inadequate for accomplishing the OIG's Congressionally-mandated mission.

The Inspector General believes the proposed staffing and funding level would allow for only limited audit coverage of RRB programs and would be inadequate for investigative coverage for an organization that pays over $6 billion in benefits annually to 1 million beneficiaries. Upon completion of the workload analysis, the Inspector General (IG) will be in a position to specify the staffing and funding necessary to carry out audit and investigative responsibilities.

OIG staff have identified several organizational units which they have determined are involved in activities that are closely related to the functions and responsibilities of the OIG. The IG believes that these activities more appropriately belong under the direction of the Assistant Inspector General for Management Analysis and Fraud Control. To eliminate duplication of effort and to comply with the duties and responsibilities specified in the Inspector General Act of 1978, the IG will be requesting that these activities and the corresponding staffing and funding be transferred to the OIG thereby eliminating the need to request resources for the IG responsibilities concerning management analysis. The Board Members will carefully consider the IG's request for transfer of functions in the broad context of the total management of the agency and the programs it administers.

EFFECT OF TIER I TAX CHANGE

Question. The Reconciliation Act of 1985 changed the definition of "Tier I" retirement benefits for income tax purposes.

Will this raise income tax for railroad retirees?

Answer. Yes. Estimates indicate that the income tax liability of annuitants will increase by $19 million for fiscal year 1986 and by $53 million for fiscal year 1987.

Question. How many beneficiaries will be affected by this change?

Answer. Between 40 and 50 percent of the railroad retirement and survivor annuitants, or approximately 450,000 annuitants, will be affected by this change.

ADMINISTRATIVE COST OF TIER I TAX CHANGE

Question. What will be the extra administrative cost of this change?

Answer. We estimate that implementation will cost the RRB about $2.5 million. This includes added personnel costs, such as overtime, as well as miscellaneous costs such as extra equipment, printing and postage.

Question. How many full time equivalent (FTE) positions will be dedicated to this project?

Answer. We are dedicating more than 70 staff members to this project, primarily from our data processing and retirement claims bureaus. The project began in mid-May 1986, and is expected to conclude in January 1987.

Translated into FTE's, 31.6 FTE's will be used in fiscal year 1986 and 28.6 in fiscal year 1987 for a total of about 60 FTE's.

Question. Does the Administration's budget request for administrative expenses allow for the cost of implementing this change?

Answer. The Administration's budget request does not include additional funds to allow for the costs of implementing this change. The cost of implementing this legislative change was not taken into account in the budget request submitted to the Office of Management and Budget by the Railroad Retirement Board because the legislation had not been enacted at the time the budget request was submitted.

Question. What difficulties do you foresee in implementing this change?

Answer. The greatest difficulty is the time frame during which the changes must be accomplished. Not only do our tax accounting and annual statement generation processes need to be substantially changed, but also the data input stream must be modified. The law was signed in April 1986, with a January 1, 1986, effective date; this means that 4 months of increased taxable income was released even before the law was signed. When the systems modifications are made, we will be then faced with reattributing benefits already paid to (1) a social security equivalent portion and (2) a contributory private pension portion. By law, annual statements, RRB-1099/ RRB-W-2P, must be released to beneficiaries before February 1, 1987.

UNEMPLOYMENT/SICKNESS INSURANCE WORKLOAD

Question. The fiscal year 1987 budget proposes $13,783,000 and 306 full-time equivalents (FTE´s) for administering the railroad unemployment/sickness insurance benefit program. This represents a 16 percent reduction in funding and a 15 percent reduction in staffing.

Your budget justification attributes the reduction in staffing to forecasted declines in unemployment and sickness insurance applications and claims.

What factors will contribute to this decline in volume?

Answer. As indicated in the Appendix to the President´s budget, sickness insurance claims for fiscal year 1987 are projected to be about 4 percent less than the fiscal year 1986 level. Unemployment insurance claims are projected to be almost 11 percent less than the fiscal year 1986 level.

In the short term, it is assumed that railroad employment will decline at a moderate rate and the national economy will be healthy. This should result in a continued decline in the percent of qualified employees who file for benefits and in the average duration of unemployment.

FRAUD AND ABUSE

Question. Last year you described several actions you were planning to take to correct fraud and abuse in the unemployment insurance claims operation.

Would you update for us the status of these corrective actions?

Answer. Last year we informed you of the actions that we planned to take in response to a U.S. General Accounting Office report, "Need to Improve Internal Controls to Curtail Possible Fraud and Abuse in the Railroad Retirement Board´s Unemployment and Sickness Insurance Program," (HRD-85-37, issued February 27, 1985). The current status of corrective action for that report´s recommendations is as follows.

Recommendation 1: Require unemployment insurance claimants to provide evidence of their identity at the time of their initial application and subsequent claims for benefits.

Action: We completed corrective action for this recommendation in December 1984. Unemployment claims agents are required by instruction in the Claims Agent's Guide and by an agency circular letter to obtain claimant identification.

Recommendation 2: Require doctors to provide some form of additional identification that would not be known to claimants, such as use of the doctor's tax identification number, when they provide medical information.

Action: Forms completed by physicians in conjunction with claims for sickness insurance benefits will be revised to request the physician's tax identification number. An automated system using the tax number will be developed to test the validity of medical information furnished to the RRB.

Recommendation 3: Negotiate with State unemployment agencies to implement a systematic procedure for periodic wage checks for all possible beneficiaries.

Action: We have used the results and experience from our 1982 pilot program with the State of Illinois to initiate ongoing matching programs with various wage reporting States having significant railroad populations. Matching programs are currently operational with Indiana, Missouri, Ohio and Texas. Action is now underway to have ongoing matching programs with up to 10 States by September 30, 1986.

Recommendation 4: Notify rail employers when a claimant has filed for unemployment or sickness insurance benefits.

Action: An automated system was initiated on July 22, 1985, to notify a claimant's employer when he or she files for unemployment or sickness insurance benefits. The notice solicits information relative to the accuracy of the employee's claim for benefits.

Recommendation 5: Verify changes of address and instances of multiple benefit checks being sent to the same address.

Action: An automated system was initiated on August 12, 1985, to release a notice to a claimant's previous address whenever a change of address is processed. A change of address notice that is returned as "undeliverable" is accepted as evidence of a bona fide address change. Each case in which a claimant receives the notice and advises us that his/her address has been incorrectly changed is reviewed for possible fraudulent activity.

We are revising our computer system to identify addresses at which more than one claimant resides.

FUNDING AND STAFFING - UNEMPLOYMENT/SICKNESS INSURANCE PROGRAM

Question. Do you think the funding and staffing requests are adequate to administer this program?

Answer. No. The Administration's funding and staffing requests are not sufficient to adequately administer the railroad unemployment and sickness insurance benefit program. The unemployment and sickness insurance program would be adversely affected by the proposed reductions in funding and staffing. Some of the areas where we would not be able to devote sufficient resources are program integrity, internal control, debt collection, and waste, fraud and abuse. Additionally, if recently introduced legislation proposing to, among other things, have rail employers make contributions on the basis of experience rating is enacted, we would need significantly more resources than are being requested.

FUNDING AND STAFFING - RETIREMENT/SURVIVOR BENEFIT PROGRAM

Question. The administration proposes language to limit full-time equivalent (FTE) positions to 1,136 for this activity. Yet the budget justification totals 1,182 positions.

Can you explain this discrepancy?

Answer. It appears there was an error in printing the Appendix to the President's fiscal year 1987 budget request. The proposed appropriation language in the President's budget requests personnel compensation and benefits for not less than 1,136 FTE's. However, the supporting personnel summary schedules in the President's budget show 1,128 direct compensable work years plus 54 reimbursable work years for the Medicare program for a total of 1,182 FTE's. The Railroad Retirement Board's budget justification is based on the 1,182 FTE's figure from the personnel summary schedules, rather than the 1,136 figure in the proposed appropriations language. OMB officials agreed that the budget justification should show the 1,182 FTE's figure.

Question. How many FTE's are required to effectively administer the retirement/survivor benefit program?

Answer. In our August 1985 budget submission to the Office of Management and Budget, we estimated that an agency staffing level of 1,578 FTE's ("intermediate" level) would enable us to maintain current service levels and make strides toward automating our payment systems.

We estimated that 1,222 FTE's of the 1,578 FTE's would be needed for administration of the retirement/survivor benefit program.

RETIREMENT CLAIMS PROCESSING SYSTEM

Question. When will your automated retirement claims processing system be operational?

Answer. The system is scheduled to be operational in 1988.

Question. Have you been meeting your implementation schedules?

Answer. The project schedule has been adjusted by 4 months. The initial completion date was September 30, 1987, which has now been changed to January 31, 1988.

RAILROAD UNEMPLOYMENT INSURANCE PROGRAM

Question. The Administration has proposed to fold the separate railroad unemployment insurance program into the Federal/State system.

Would rail workers receive about the same benefits that they now receive under their separate program?

Answer. What an employee would receive in unemployment benefits under the Federal/State system as compared to the separate railroad unemployment insurance system depends greatly on his or her particular circumstances. Most State unemployment insurance programs have a maximum weekly benefit which exceeds the $125 maximum under railroad unemployment insurance. On the other hand, under the railroad system there is a permanent program for extended unemployment benefits for long-term workers, while the States pay extended benefits only during periods of high unemployment. In addition, due to differences in qualification requirements and part-time employment rules, fewer railroad employees would be eligible under State programs than under the railroad unemployment program.

Question. What administrative problems would arise in processing rail worker claims, particularly those for partial unemployment?

Answer. Under the Administration proposal, the States would be responsible for paying unemployment insurance benefits to railroad employees. The Railroad Unemployment Compensation Committee which was established by Section 504(d) of the Railroad Retirement Solvency Act of 1983 identified the advantages of (and thus the disadvantages of not) maintaining an independent railroad unemployment insurance system in their report to the Congress dated June 29, 1984. The report cited the following seven reasons for maintaining an independent system.

- An independent system provides for a long-established and coordinated program.

- An independent system provides consistency of treatment among railroads and their employees.

- An independent system provides responsiveness to conditions in the railroad industry.

- A Federal/State system opens up the possibility of dual taxation until borrowings from the Railroad Retirement Act are repaid.

- A Federal/State system opens up the possibility of dual taxation of railroads during the transition period.

- A Federal/State system would require railroads to become familiar with a new system, including the treatment of interstate employment.

- A Federal/State system would increase the administrative burden for railroads.

We believe that the Federal/State unemployment insurance system would have administrative problems with partially unemployed workers, such as railroad extra-board employees who work intermittently. The railroad unemployment insurance system, which allows for benefits with regard to the specific days an individual is unemployed without regard to earnings on other days, is more responsive to partial unemployment. Under the Federal/State unemployment insurance system, an individual could be disqualified based on weekly earnings, regardless of how many days the individual is unemployed during the week. For example, in many States, unemployment insurance benefits would not be payable to an individual whose weekly earnings exceed his weekly benefit amount. In addition, some States' eligibility requirements -- such as requirements that an individual earn over a specific amount in a specific number of weeks or have quarterly earnings in excess of a specific amount -- make it difficult for partially unemployed workers to qualify for future benefits.

FINANCING

Question. Given the latest Railroad Retirement Board current employment count and projections for future levels, will the combined retirement and unemployment insurance accounts be able to pay benefits out of the combined revenues from the unemployment insurance and Tier II taxes?

Answer. The combined revenues of the retirement and unemployment insurance accounts should be sufficient to allow payment of benefits for at least the next several years.

Question. At what point will the combined revenues and balances from the two accounts be insufficient to pay retirement and unemployment benefits?

Answer. Projections indicate that, if substantial declines in employment continue for many years, the combined accounts will be insufficient to pay benefits shortly after the beginning of the next century.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

FUNDS LAPSE

Question. Last year in the Limitation on Administration Account you estimated a lapse of $500,000 in 1985, and actually lapsed $1.8 million. Although this is a big improvement over 1984 when the lapse rate accounted for 10% of the total appropriation, I'm curious as to what happened. What's the reason for the $1.8 million lapse? Did you tighten up on fourth quarter spending, for example, or overestimate salaries and expenses?

Answer. Of the $1.8 million lapse in this limitation, $500,000 is attributable to the non-use of a statutory reserve for unforecasted workload increases. Although we typically lapse this reserve each year, it is needed in the event our workloads increase unexpectedly as would be the case if new legislation were enacted during the budget year affecting benefit payment computations. Although it is somewhat subjective to attribute reasons for the remaining $1.3 million which lapsed, we attribute the lapse to several reasons: our new data communications network was used less than forecasted; actual compensation and benefits were slightly less (about 1 week's worth of the agency's payroll) than budgeted; and, we realized some savings through competitive bidding and additional belt-tightening controls over expenditures.

INSPECTOR GENERAL

Question. Mr. Gielow, page 6 of your statement estimates that $1.1 million will support 25 full-time equivalent (FTE) positions in the Board's newly established Office of Inspector General. How many of these positions will be funded from the railroad unemployment account?

Answer. The Railroad Unemployment Insurance Account will fund 4 of the 25 FTE's for the Office of Inspector General.

Question. How many from the railroad retirement account?

Answer. The Railroad Retirement Account will fund 21 of the 25 FTE's.

INSPECTOR GENERAL PLANS

Question. Can you tell us what the Inspector General's plans are for the coming fiscal year?

Answer. Mr. William J. Doyle III began his official duties as the first Inspector General (IG) of the Railroad Retirement Board (RRB) in January 1986. He intends to focus audits, investigations and management studies on identifying opportunities to enhance the effectiveness, efficiency and integrity of RRB programs and operations. He intends to concentrate efforts on identifying systemic weaknesses that give rise to fraud and encourage criminal activities.

The IG is currently developing workplans for the three areas of OIG operations -- audit, investigation and management analysis. The workplans will focus OIG resources on areas having substantial payoff or major impact, particularly the retirement program which pays over $6 billion in benefits annually to 1 million beneficiaries.

The OIG can bring about significant improvements in the delivery of RRB benefits and services by working closely together with RRB management and staff. These improvements can be accomplished through audits (are the programs working the way they are supposed to and accomplishing what is intended?), investigations (are there systemic problems that cause or facilitate fraud?) and management studies (are there operational problems or deficiencies that can be corrected before they become too costly or ineffective?). The newly established OIG at the RRB looks forward to assisting in the accomplishment of the agency's goals and objectives by seeking improvements in the payment of benefits earned by and due our nation's railroad workers and their families.

BACKLOG OF RETIREMENT ADJUSTMENTS

Question. Mr. Gielow, I understand the Board had a backlog of retirement adjustments last year amounting to $55 million. The actual dollar value was estimated to range anywhere between a net overpayment of $10 million to a net underpayment of $55 million. That's a pretty dismal record. How do you account for this?

Answer. The Railroad Retirement Board has two major categories of backlogs in the retirement program. They are the Cost-of-Living Review cases and the Automatic Earnings Reappraisal Operation Recomputation (AERO) cases.

The Cost-of-Living Review cases consist of cases that were adjusted mechanically for a cost-of-living adjustment but must be reviewed because of discrepancies between the Social Security Administration's records and ours. These cases must be reviewed to determine whether the rate is correct and to make any necessary adjustments.

The AERO recomputation cases consist of annuities which should be adjusted to include social security earnings after the railroad annuity began. These extra earnings necessitate a recomputation of Tier I benefits. These cases were not handled in the mechanical system and must be processed manually.

Question. How many beneficiaries are affected by the backlog?

Answer. As of December 1985, there were approximately 70,200 Cost-of-Living Review cases and 13,300 Automatic Earnings Reappraisal Operation Recomputation (AERO) cases on hand. The number of Cost-of-Living Review cases indicates individual payees or beneficiaries, while the AERO cases may affect more than one beneficiary.

Question. Were any of these payment discrepancies reconciled during the past year?

Answer. During fiscal year 1985, more than 35,000 payment discrepancies were reconciled.

Question. How do you plan to eliminate this backlog?

Answer. We have established a special unit to work exclusively on these backlogs. In fiscal year 1985, 12 FTE's were devoted to screening and handling this work, completing over 35,000 cases. We plan to dedicate over 23 FTE's this fiscal year to the backlogs. Based on current projections and assuming other priorities or new categories of work will not force us to defer this work, it will take approximately 5 more years to completely eliminate the backlog.

AUTOMATION PROJECTS

Question. Mr. Gielow, the budget documents advise that the Board's "major automation projects to be completed in 1987 will result in improved service, more accurate payments, and a dramatic improvement in productivity." How will services be improved?

Answer. We expect that service will be improved when our new automated Retirement Claims Processing System becomes operational in 1988 primarily by reducing the length of time required to make final payment of initial applications for benefits, to adjust benefits that are in payment status and to respond to questions from the public.

Question. Tell us about the dramatic improvement in productivity that will result because of these projects.

Answer. We expect improvements in productivity when we implement the Retirement Claims Processing System (RCPS) because we will be changing from a manual processing, file-folder environment to on-line computerized processing of applications for benefits and adjustments to benefits. The RCPS will provide for direct input into the computerized system of necessary data for initial applications from the RRB field offices. It will automatically make work assignments to the headquarters personnel who are qualified to take the necessary actions and will allow headquarters personnel to enter adjudicative decisions directly into the RCPS.

When the detailed design work is completed, we will be able to describe in more detail how and where the productivity improvements will occur.

Question. Are you proposing any adjustments in staffing levels next year because of these automation projects?

Answer. We do not propose any reduction in our agency's fiscal year 1987 staff level as a result of automation. Staff savings expected in 1987 from the implementation of the Automated Management Information System are expected to be minimal. Any staff year savings will be consumed by other financial management tasks.

NATIONAL LABOR RELATIONS BOARD

STATEMENT OF DONALD L. DOTSON, CHAIRMAN

ACCOMPANIED BY:
ROSEMARY M. COLLYER, GENERAL COUNSEL
LEE D. VINCENT, COMPTROLLER
JOHN E. HIGGINS, JR., DEPUTY GENERAL COUNSEL
JOSEPH E. DESIO, ASSOCIATE GENERAL COUNSEL
JOHN C. TRUESDALE, EXECUTIVE SECRETARY
MELVIN J. WELLES, CHIEF ADMINISTRATIVE LAW JUDGE
ERNEST RUSSELL, DIRECTOR OF ADMINISTRATION
HARDING DARDEN, JR., CHIEF, BUDGET SECTION

PREPARED STATEMENTS

Senator PROXMIRE. Our next agency is the National Labor Relations Board [NLRB]. The Board is represented by Donald L. Dotson, Chairman, and Rosemary M. Collyer, General Counsel.

The committee will be pleased to include the complete text of your prepared statement in the hearing record. Welcome to the committee, and please proceed with your summaries.

[The statements follow:]

STATEMENT OF DONALD L. DOTSON

I welcome this opportunity to appear before you as Chairman of the National Labor Relations Board to present the Agency's budget request for Fiscal Year 1987. In accordance with normal procedure, the Agency has already submitted to you a detailed Fiscal Year 1987 Justification. In my testimony today I would like to touch briefly on some of the highlights of that Justification statement and make a few additional comments as well.

For Fiscal Year 1987, the NLRB is requesting an appropriation of $130,865,000 compared to total anticipated 1986 funding of $129,055,000.

The Budget request before you for 1987 is the product of an analysis of the NLRB's best current estimate of: the number of cases that the Agency will receive in 1987; how these cases will be resolved (that is, whether by settlement, dismissal, withdrawal, trial, etc.); the number of staff-years of employment needed, based on targeted rates of productivity; and, finally, the direct costs and support costs required to handle the anticipated caseload.

The Budget request presented to you today projects that the NLRB's case intake in 1987 will increase by about 4.7 percent, while staff will decrease by about 4.2 percent and funds increase by 1.4 percent. With the combination of a moderate degree of staff attrition and an increase in case intake, we will be in a position to handle our cases on a timely basis and show higher productivity rates throughout the casehandling pipeline.

The total 1987 cost increase from 1986 is $1,810,000. This increase in our request is necessary to meet normal operating expense requirements and employment expenses that are not completely offset by our expected level of attrition and productivity achievement.

Although this is a tight budget, it is one that will fulfill the resource requirements of the Agency necessary for us to handle our workload.

Directly under the responsibility of the Chairman and the Board are the Division of Administrative Law Judges and the staffs of the Board Members. I would like to briefly address these two areas at this time. The General Counsel has statutory responsibility for the investigation and prosecution of cases. She will be addressing these concerns separately.

ADMINISTRATIVE LAW JUDGES

In 1985 our Administrative Law Judges closed 718 hearings, issued 820 decisions and obtained 715 settlements, 418 in person and another 297 by means of conference calls. I am gratified to tell you that the number of cases pending a trial before the Division of Administration Law Judges declined for the fourth year in a row from a peak two years ago of more than 3,100 to 868 at the end of Fiscal Year 1985. This decline is continuing into 1986, and the total trial backlog as of 1 March was 762. Our judges' backlogs of hearings and decisions are the most current they have been in about 10 years.

Along with a recent decline in case intake a significant factor in this achievement is the emphasis within the Division of Administrative Law Judges, and in the operations under the responsibility of the General Counsel, on settling cases whenever possible. This settlement emphasis is critical, not only because every 1 percent increase in the number of meritorious case settlements eventually saves the Agency over $1 million in litigation costs, but also because the parties themselves avoid the delays and cost inherent in the formal trial process and subsequent consideration by the Board and the Courts of Appeals. The cost effects of fluctuations in the settlement rate, of course, do not all occur in the same fiscal year, but depend on when the cases would move through subsequent stages of disposition.

MEMBERS' STAFFS

Under present Budget estimates the Board Members will be faced with the formidable task of deciding 1,119 contested unfair labor practice cases in 1986 and 1,141 in 1987. In 1985, the Board decided 889 unfair labor practice cases and 399 election cases. Present estimates call for the Board to decide 533 contested representation cases in 1986 and 545 in 1987.

The output of Board decisions in 1985 has for the second year in a row resulted in lowering the Board's backlog of undecided cases. The backlog reached its all time high of 1,628 unfair labor practice and representation cases in February, 1984. At the end of February 1986 the backlog had declined to 1,140 cases, a drop of 488 cases or 30 percent. We have achieved this reduction without increasing the number of attorneys assigned to each Board Member. Assistance was obtained by means of details of experienced attorneys from offices under the General Counsel where caseload permitted the lending of employees to the Board. The budget for 1987 anticipates that the Board will continue to reduce the number of cases awaiting its decision.

There has been an increase in recent years in the number of representation matters coming to the Board for decision, and I should also note that, in addition to numerous initial decisions in contested election cases, the Board also rules on several hundred other appeals and requests for review of decisions by the Regional Directors. In these types of cases, our budget also provides for keeping current despite an increasing workload.

CONCLUSION

It is my firm belief that the process afforded by the NLRB to resolve conflict is valuable and that it is essential that the Agency receive its requested funding. It is my intention to assure that the Agency will do all that is possible to resolve the labor disputes within its jurisdiction in a timely, professional manner. I offer you my further commitment to assuring that the NLRB's mission is carried out expeditiously and in the most cost-effective manner.

STATEMENT OF ROSEMARY M. COLLYER

Mr. Chairman and distinguished members of the Subcommittee: I am pleased to appear before you as General Counsel of the National Labor Relations Board and in support of this Agency's budget request for Fiscal Year 1987.

For Fiscal Year 1987 we have a budget request for $130,865,000, an increase of $1,810,000 from the 1986 total funding of $129,055,000. The NLRB's 1987 request will support all normal Agency casehandling operations. It will provide all of the funds necessary to process in 1987 36,000 unfair labor practice cases and 9,000 representation petitions; a total case increase of about 4.7 percent over 1986. Each of these cases will be initially processed in one of the regional offices under the General Counsel's responsibility. The total 1987 staff request for the Agency is for 2,390 FTE.

As part of the normal budget process, the Agency has already submitted a detailed "Justification of Estimates for Fiscal Year 1987". Because of the importance of the Office of the General Counsel in the casehandling and administrative functions of the Agency, I would like to take this opportunity to review in greater detail the responsibilities of my office, highlight the accomplishments of Fiscal Year 1985, and talk about the outlook for Fiscal Years 1986 and 1987.

RESPONSIBILITIES OF THE OFFICE OF THE GENERAL COUNSEL

As you know, the National Labor Relations Act (29 U.S.C. 141-167) provides that "the General Counsel shall exercise general supervision over all attorneys employed by the Board (other than Administrative Law Judges and legal assistants to Board Members) and over the officers and employees in the Regional Offices. He shall have final authority on behalf of the Board, in respect of the investigation of charges and issuance of complaints under Section 10, and in respect of the prosecution of such complaints before the Board, and shall have such other duties as the Board may prescribe..."

As a result of this statutory authority, the General Counsel supervises the Agency's field establishment of thirty-three regional offices. It is those Regional Offices that receive unfair labor practice charges, investigate them, determine their merit, and then as to those cases deemed meritorious, settle or prosecute them. Under authority delegated by the Board, the Regional Directors also receive and process representation petitions; determine appropriate units for employee representation; conduct elections; resolve allegations of objectionable election conduct, and certify election results. Additionally, the General Counsel subs enforcement of Board decisions administratively or by litigation in the Circuit Courts of Appeal.

The Agency does not have complete control over its case intake. It must respond to all inquiries concerning possible violations of the National Labor Relations Act. When an unfair labor practice charge is filed at one of the Agency's thirty-three regional offices, 3 sub-regional offices or 16 resident offices, it begins to move through what can be described as a case-handling "pipeline". The newly filed charge is investigated first for merit and, if found to be meritorious, the parties are encouraged to settle without further action. Non-meritorious cases are withdrawn or dismissed. If a case is found to have merit and no initial settlement is reached, then a complaint is issued and a hearing held before an Administrative Law Judge. Following the hearing and the Judge's decision, there may be further appeals to the Board and the Courts of Appeal. At any point in the process, the parties may reach a settlement agreed to by the Agency, obviating the need for further proceedings.

Because each unfair labor practice charge brought before the Agency must be resolved and because an ever greater amount of time and resources must be devoted to achieving the resolution of a case the further it proceeds along the Agency's casehandling "pipeline", we have defined four major objectives which must be met in order for the Agency to effectively enforce the NLRA and thereby facilitate the nation's economic growth. These objectives are: first, to carefully screen out clearly non-meritorious cases; second, to maintain the NLRB's traditionally high settlement rate; third, to continue to develop more efficient means of casehandling in order to process quickly and fairly the maximum number of cases; and fourth, to achieve these objectives with a commitment to maintaining and even improving the quality of our service to the public.

In order to meet the first challenge, the Office of the General Counsel utilizes an intensive public information officer program in our field offices. This program seeks to provide help to those who contact our offices about their concerns. Careful attention at this early, prefiling stage assures that we can screen out many no-merit charges, thus saving Agency resources which would otherwise be expended in investigating nonmeritorious charges if they were filed. It is through the administration of this important program that many thousands of persons are provided with guidance as to what this Agency can and cannot do for them, and as to whether or not they should file a charge. The effectiveness of this program is demonstrated by the fact that during Fiscal Year 1985 this Agency's field offices handled 196,400 such contacts from employees, unions and employers, of which only about 12,248 resulted in the filing of an unfair labor practice charge. (Approximately 20,280 additional charges were filed directly during FY 85.) Thus, the Regions through this program minimize the chances of unnecessary case filings that, had they been filed, would have drained already limited resources.

The second challenge, achieving the maximum number of settlements, involves a great deal of preparation, time, and effort on the part of the staff of the Office of the General Counsel. Administrative Law Judges will also aid the parties in an effort to reach an equitable settlement. Even in the highly simplified picture of the Agency's case "pipeline" just discussed, it is apparent that as a case progresses from the initial investigation by our field staff to its litigation in the courts, the drain on Agency resources becomes increasingly severe. In fact, a decrease of 1 percent in the settlement rate for meritorious cases may result in an additional cost to the Agency of more than one million dollars by the time all of the work generated by fully litigating such cases is completed.

The third challenge faced by the Office of the General Counsel and the rest of the Agency is the ongoing necessity of quickly processing the maximum number of cases within our budget constraints with fairness to all concerned parties. The NLRB has a long history of increasing its level of productivity and its success has been documented by the Bureau of Labor Statistics, the Office of Personnel Management and by the Comptroller General.

Finally, and importantly, we are committed to providing quality services to those who are involved in Agency proceedings.

Accomplishments in Fiscal Year 1985

The record of the Office of the General Counsel in 1985 reflects the careful attention given to our obligations under the NLRA and to our obligation as stewards of public funds. Both the Washington and Field offices under the General Counsel's responsibility have consistently been able to maintain a high level of service to the public. These staffs are composed of hard working and dedicated public servants and it is their commitment, combined with the assistance of this Committee, that has made this fine record possible.

The NLRB's level of service is reflected in these 1985 operating results:

1. Case Intake. The Regional Offices accepted and began processing approximately 40,930 total cases. The 32,528 unfair labor practice cases filed are a decrease of 6.7 percent from those filed in Fiscal Year 1984. There were 8,402 representation cases filed, a decrease of 4.2 percent from 1984.

2. Unfair Labor Practice Case Dispositions. Of the unfair labor practice charges filed, 32.4 percent were found to have merit, down slightly from the 34.1 percent in 1984. The settlement rate was 92.5 percent, a slight increase from the 92.4 percent achieved in 1984. A total of 3,018 complaints were issued in a median time of 44 days as compared to 45 days in 1984. The Agency closed approximately the same number of cases as were received.

3. Litigation Results. The 74.6 percent of Board and Administrative Law Judge decisions won in whole or in part in Fiscal Year 1985 is an increase from the 72 percent litigation rate of Fiscal Year 1984.
4. Representation Case Performance. The regional offices conducted about 4,526 elections of which 81.5 percent were pursuant to agreement of the parties; in 1984, the corresponding figures were 4,552 elections and 84.0 percent agreements. Regional directors issued 1,083 decisions in contested representation cases after hearing in a median time of 42 days, compared with the 1,012 decisions, issued in a median time of 41 days, in 1984. There were 1,411 initial representation and union deauthorization hearings in 1985, compared with 1,393 in 1984.
5. Productivity. In 1985, as in 1984, productivity was affected by a decline in case intake which was greater than staff attrition. Productivity is budgeted to increase substantially in 1986 as the 1985 imbalance between caseload and staff is rectified and to increase about 7.9 percent more in 1987.
6. Injunction Activity. During Fiscal Year 1985, the Regional Offices submitted 13.8% fewer cases involving request for Section 10(j) injunction to the Division of Advice than in 1984. The Board authorized 10(j) injunction in 38 cases in 1985 compared to 30 in 1984.

   The Regional Offices filed 76 petitions for Section 10(l) injunctions with the appropriate U.S. District Courts. In 1984, 95 petitions were filed.
7. Appellate Litigation. In Fiscal Year 1985, 188 cases were decided by the United States Courts of Appeals compared with 259 in Fiscal Year 1984. Of these, 83.5 percent were enforced in full and a total of 89.4 percent were won in whole or in part, compared with 81.1 percent in Fiscal Year 1984; 5.8 percent were remanded entirely compared with 8.5 percent in Fiscal Year 1984; and 4.8 percent were entire losses compared with 10.4 percent in Fiscal Year 1984.

These are but a few of the achievements this past year. I am particularly proud of this Agency's settlement record and the time statistics described above. Taken together with the very favorable comments of practitioners from across the country about the quality of the service they receive, they reflect the truly outstanding commitment of the Regional and Washington staffs.

Outlook for Fiscal Year 1986

For 1986, the offices under the General Counsel are operating effectively and efficiently. Tight control continues to be exercised over expenditures to ensure effective use of the Agency's resources and our staff level is being permitted to decline by attrition to a lower level to come into balance with the expected workload. As this balance is achieved, we expect to show a substantial productivity increase.

Outlook for Fiscal Year 1987

If the level of workload estimated for 1987 is reached, the Office of the General Counsel will face the considerable challenge of achieving a 7.9 percent increase in productivity over 1986. If accomplished, this will result in the Agency surpassing its historic best level of performance. I am confident that, with the dedication and hard work of our employees and the thoughtful direction of our managers and supervisors, we can meet our goals.

Despite our efforts, though, we cannot expect that the settlement experience of Fiscal Year 1982 through 1985, averaging over 91 percent, will necessarily continue into Fiscal Year 1987. Thus, we have estimated that the settlement rate for 1986 will not exceed 91 percent. The Fiscal Year 1987 Agency employment request is expected to be sufficient to process all of the cases that are estimated to be filed.

CONCLUSION

The National Labor Relations Act has just completed its 50th year. From the foregoing review of the performance of the Office of the General Counsel it is clear that we begin our second half century with a healthy, productive and committed organization. I am very proud to be associated with the traditions that have made the headquarters and field operations of the Office of the General Counsel such a fine example of effective public service.

I would like to thank the Committee for the opportunity to appear before it and for the support you have shown the National Labor Relations Board over the years.

Biography of Donald L. Dotson

DATE OF BIRTH: October 8, 1938

RESIDENCE: Arlington, Virginia.

EDUCATION:

University of North Carolina, B.A.- 1960
Wake Forest University , J.D. - 1968
Member of the North Carolina, Pennsylvania and Supreme Court Bars

MILITARY SERVICE: U. S. Navy 1960-1965

EMPLOYMENT HISTORY:

Appointed by President Reagan as Chairman of the National Labor Relations Board, sworn in March 8, 1983 for a term which expires December 16, 1987.

1981-Feb., 1983:	Assistant Secretary of Labor for Labor Management Relations
1976-1981:	Chief Labor Counsel, for the Wheeling-Pittsburgh Steel Corporation
1975-1976:	Labor Attorney, Western Electric Company, Inc., Corporate Headquarters
1973-1975:	Labor Counsel for Westinghouse Electric Corporation and Subsidiaries
1968-1973:	Attorney, National Labor Relations Board

Biography of Rosemary M. Collyer

GENERAL COUNSEL
NATIONAL LABOR RELATIONS BOARD
1717 Pennsylvania Avenue, NW, Washington, DC 20570
Telephone (202) 254-9150

BORN: November 19, 1945, Port Chester, NY
Resides in Chevy Chase, MD

MARRIED: To Philip L. Collyer
Children: Tim, age 10

EDUCATION

Legal	-	University of Denver College of Law (J.D.-1977) Honors and Activities: Order of St. Ives; John Phillip Linn Labor Law Award and Scholarship; Member Denver Law Jounral; Internship, Mountain States Employers' Council; Labor Arbitrator.
College	-	Trinity College, Washington, DC (B.A., cum laude, 1968)

PROFESSIONAL EXPERIENCE

10/16/84 to present	General Counsel, National Labor Relations Board.
1981 - 1984	Chairman, Federal Mine Safety and Health Review Commission.
1977 - 1981	Labor attorney representing management, Sherman & Howard, Denver, Colorado.

1973 - 1974	Writer/Instructor, Personnel Predictions & Research Inc., Denver, Colorado
1972 - 1973	Creative Director, Pennington & Richard Associates, Denver, Colorado (public relations firm).
1971 - 1972	Director of Public Relations, The Manlius Pebble Hill School, Manlius, New York.
1969 - 1970	Staff Reporter, The Canadian Register, Toronto, Ontario.
POLITICAL ACTIVITIES:	Republican Precinct Committeewoman, Denver, 1980-; voluntary special counsel to Colorado State Republican Party; formerly active in Connecticut Republican campaigns.
PROFESSIONAL MEMBERSHIPS:	Colorado Bar Association, Denver Bar Association, American Bar Association, Industrial Relations Research Association.

Biography of Lee D. Vincent

DATE OF BIRTH:	July 24, 1939
RESIDENCE:	Washington, DC

EDUCATION:

University of Maryland
  B.S., Industrial Administration, 1960
  M.B.A., Labor Relations, 1961

EMPLOYMENT HISTORY:

1960-64	Labor Management Relations Examiner National Labor Relations Board Chicago, Illinois
1964-1974	Management Analysis Officer National Labor Relations Board
1974-Present	Comptroller National Labor Relations Board

OTHER:

Recipient, first Ernest Connolly Memorial Award of the Washington Personnel Association.

SUMMARY STATEMENTS

Mr. DOTSON. As you know, Mr. Chairman, the statute places substantial responsibility on our General Counsel. I will submit my statement, and I will ask our General Counsel, if she wishes to submit a statement.

Senator PROXMIRE. Your statement will be published in full in the record.

General Counsel Collyer, do you want to make your statement, or summarize it?

Ms. COLLYER. If I may, Senator, I would like to summarize it very quickly for you, I know that you have a very full morning.

Senator PROXMIRE. If you could boil down those eight pages.

Ms. COLLYER. I can boil it down in 2 seconds.

It is a great honor and privilege to be welcomed by you and this committee. We are here today to respond to your questions on our budget request for $130.865 million for fiscal year 1987, with which we expect to handle approximately 36,000 unfair labor practice cases, and approximately 9,000 representation petitions.

We expect that that money will be sufficient for our purposes, and also contribute to the efforts of the Government to keep its resources within bounds. Beyond that, I will not add anything.

FUNDING COMPARISON

Senator PROXMIRE. How does your request compare with your funding for last year?

Ms. COLLYER. For fiscal year 1986?

Senator PROXMIRE. Yes.

Ms. COLLYER. There is a $1.8 million increase over our funding for fiscal year 1986.

Senator PROXMIRE. You are requesting an increase of a little over 1 percent.

Ms. COLLYER. It is just about 1 percent.

ADMINISTRATIVE LAW JUDGES

Senator PROXMIRE. I think that this question should be directed to you, General Counsel Collyer.

How many administrative law judges are currently working at the National Labor Relations Board, and how does this compare with the number of judges onboard 3 years ago?

Ms. COLLYER. Senator, the judges are under the Board because that is the adjudicatory function, rather than the prosecutory function.

Mr. DOTSON. The chief judge is here, and he can answer the question.

Judge WELLES. There are 98 judges now, Mr. Chairman, and 3 years ago there was an average employment of about 105 judges. The high was reached in about 1981, when we had 117, and now we are down to 98 from 117 5 years ago.

DIVISION OF JUDGES CASELOAD

Senator PROXMIRE. That suggests that either you are being very efficient, or you are understaffed. How many cases did the Division of Judges dispose of in fiscal year 1985 and how does that compare with fiscal year 1982?

Judge WELLES. In fiscal year 1985, we disposed of approximately 1,540 cases, and in 1982 somewhat over 2,000. The caseload has gone down.

Senator PROXMIRE. I understand that in 1981, the Board indicated that the minimum average number of cases for disposition after trial per judge should be 12. Is that correct?

Judge WELLES. That was decisions issued, yes. It wasn't dispositions, dispositions include several things.

Senator PROXMIRE. Are you currently meeting that standard?

Judge WELLES. No; we are less than that.

Senator PROXMIRE. How far below the standard are you?

Judge WELLES. Last fiscal year, we were approximately a little less than nine decisions and 17 dispositions per judge.

Senator PROXMIRE. How do you explain the fact that you are about one-quarter below your standard.

Judge WELLES. Basically, the intake has gone down. In terms of the decisions themselves, settlements have gone way up, and the ratio of decisions to settlement is much greater than it used to be. It used to be that there were about two decisions for each settlement. Now they are fairly close to even in total dispositions.

LENDING JUDGES

Senator PROXMIRE. Have you taken any steps to keep underutilized judges occupied by lending them to other agencies that are inundated with work—to the Labor Department, for example, for the handling of black lung cases?

Judge WELLES. We were about to lend judges to the Labor Department, but the Office of Personnel Management [OPM] gave them an additional 12 judges and that program was not effected this year. We are currently about to lend judges to various banking agencies.

Senator PROXMIRE. I understand the black lung program has serious difficulties.

Judge WELLES. Yes; that is correct. We are prepared to lend them judges, but I don't think that they have the funding at the moment since they have gotten 12 new judges from OPM.

Senator PROXMIRE. We don't understand your comments about the funding. Let me ask Mr. van der Voort to clarify that matter.

Mr. VAN DER VOORT. Of course, the judges are being funded under your budget.

Judge WELLES. Yes.

Mr. VAN DER VOORT. You said that the black lung people don't have funding for the judges. I guess I am saying that the judges are being funded by the taxpayers through your appropriation.

Judge WELLES. I think that there is a problem there, and we have asked for a Comptroller General's opinion, which I don't think we ever got. I think that Mr. Lee Vincent can answer that question better than I can, if he would come forward,in terms of the funding.

Senator PROXMIRE. Go ahead.

Mr. VINCENT. We would like to follow through on that. Last fall, shortly after I saw in the committee's report that there was an interest in having the Department of Labor obtain administrative law judges, I spoke to OMB officials about that, and I was advised that, in fact, there was some consideration of NLRB judges in particular that could be made available.

So we talked to the Department of Labor, my counterpart over there, to make arrangements for that, and about whether it would be reimbursable or not, because the committee's report was silent on that issue, whereas the preceding year there had been a report suggesting that the judges be made available on a nonreimbursable basis.

We proceeded to discuss how our judges would be made available, and simultaneously we tried to get guidance from OMB or GAO on the reimbursement issue. My own research indicated to me that we would be required to recover our principal costs in lending judges to the Department of Labor. To clarify that, in order to be sure, we did write to GAO in January requesting an opinion which we never received.

Meanwhile, we did engage in intensive discussions with the Department of Labor's chief judge, and we worked out an agreement. We met on that reimbursement agreement. We worked out terms for reimbursement agreements for salaries, and related costs, and we were about to circulate that for signature, when they informed us a few weeks ago that since they were hiring more judges, they would not need our services at this time.

We understand that they may ask us again in fiscal year 1987. It would be our intention, if we have additional judges available at that time, to try again to do that. Subsequently, our chief judge, Judge Welles, has been asked about lending judges to other agencies, and we are pursuing those arrangements now.

UTILIZATION OF JUDGES

Senator PROXMIRE. Gentlemen, the problem is this. As you all know, we are under terrific pressure, because of the Gramm-Rudman-Hollings Balanced Budget Act and our colossal debt, to hold down spending wherever we can. Do we have judges sitting around with nothing to do, drawing their pay and their breath, as Sam Ervin used to say?

Judge WELLES. Not really, we still have enough of a working backlog to keep all of our judges busy. There will be occasions, in this kind of work, where a judge goes out on a case and it settles on the courthouse steps, where he will have nothing to do for a few days. It is possible, and it has always been possible.

Senator PROXMIRE. By and large, your judge's are as fully utilized as would be practical.

Judge WELLES. Perhaps not, perhaps there could be further utilization, and I think that the loan program will take care of that, with the judges that we will be lending to the Federal Deposit Insurance Corporation and the Federal Reserve Board.

MEDIAN TIME FOR BOARD DECISION

Senator PROXMIRE. Chairman Dotson, in your prepared testimony you say, and I quote, "The output of Board decisions in 1985 has for the second year in a row resulted in lowering the Board's backlog of undecided cases."

However, the table on page 20 of your justification indicates that median days elapsed between filing and Board decision was 661 days—almost 2 years—in fiscal year 1985, the largest elapsed time in over 20 years. In 1985, it took the Board twice as long to decide a case as it did in 1965.

How do you reconcile your comments with the data disclosed by your justification?

Mr. DOTSON. The figure you mention is the result of a number of extremely old cases, and that is the reason that one of our priorities now is to move to the older cases. A number of these cases were older cases at the time we arrived. The main reason that they were there, my opinion is, is that they present issues to Board members that are difficult to make decisions about.

Senator PROXMIRE. The cases that you cite are older because they are more complex, more difficult to decide and, therefore, are expected to take longer to dispose of?

Mr. DOTSON. I would not necessarily expect them to take longer, but when it comes to decisions and at least three people agreeing, that can cause a problem. The Board has been understaffed for over one-half the time, for over 18 months we have had less than four members, and that has aggravated the problem.

Senator PROXMIRE. When you say that three members must agree, does that mean you have to get a unanimous decision in these cases?

Mr. DOTSON. A large number of these older cases would be the kind of issues that the full Board would have an interest in and would require three members. For the most part, they are not cases that would lend themselves to panel decisions.

WORKLOAD ESTIMATES

Senator PROXMIRE. Chairman Dotson, in your prepared statement you refer to a projected workload increase of 4.7 percent in 1987. I note that your detailed justification talks of a workload decline in 1985 and indicates that your 1986 workload, and I quote, "has fallen below the anticipated 1986 level."

What degree of confidence can we place in your 1987 workload estimate?

Mr. DOTSON. I think the decrease in the workload figure is accounted for by activities in the General Counsel's Office. The Board, as you know, is still working against the backlog, so on the Board's side, we will continue to be fully employed. I think that the General Counsel can best respond to that.

Ms. COLLYER. Our estimate, Senator, as to our case intake was done for 1987 as it has been done for many years. We ask our regional directors what their experiences have been, and what their projection is for incoming cases. We have had a decline in our caseload over the last few years. In this year, fiscal year 1986, however, we have not had much of a decline in our unfair labor practice cases. The decline this year is rather in election petition cases.

We believe, at the moment, that the figures that we have presented to you for fiscal year 1987 are as accurate as we can make them this far in advance, but we are trying to be prepared with the smallest staff that we can manage to respond to whatever needs arise. We do not create our own caseload. We merely respond to the charges and petitions that are going to the agency, which means that it makes it more difficult for us to predict with certainty as to what the cases will be for the next fiscal year.

Senator PROXMIRE. Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman.

PHILADELPHIA REGIONAL OFFICE

Ms. Collyer, let me ask you about the situation in the Philadelphia office of NLRB. We have discussed the matter, and we have a GAO study on it. Is it your sense that the attitude by labor as to what is happening there is totally unjustified?

Ms. COLLYER. I think the difficulty is, Senator, that, for whatever reasons, some of the tactics used by various labor organizations in the Philadelphia area have not been in compliance with the statute.

There have been instances of illegal and secondary picketing, and other instances of strike misconduct, and the like. Our job, and the job of the regional office there, is to enforce the law, not to make up the law. In each of the instances cited by the claiming parties, as reviewed by the GAO, you will note that, in fact, there were violations of the law.

Now the parties who are unhappy have, in many instances, either settled or not appealed the regional director's determinations, which makes it very difficult at this late date to say that he was wrong, and made the incorrect determinations.

On the basis of the instances that they cited, I have no facts to indicate that the regional director has not made the call exactly the right way and enforced the law as it is written.

Senator SPECTER. So your conclusion is, in response to my question, that the labor complaints are totally unjustified?

Ms. COLLYER. On the basis of the information they have provided so far, Senator, yes.

Senator SPECTER. Have you had such a concerted response by labor in any other area, such as the one that is presented in Philadelphia?

Ms. Collyer. Over the course of the 50 years of the agency, we have, Senator.

Senator Specter. What about at the present time?

Ms. Collyer. Not at the present time. The concerns that organized labor has expressed over the last number of years have gone rather to the legal decisions of the Board, rather than the actions of any particular regional office. At the present time, we have no similar concerns raised by either management or labor.

Senator Specter. How many regional offices do you have?

Ms. Collyer. Thirty-three.

Senator Specter. And you don't find a situation anywhere among the other 32, either by complaints by labor or management such as the ones that are raised by labor in Philadelphia?

Ms. Collyer. Not as a rule, Senator. We do have frequently, when a regional director makes a call and says that the complaint will issue or the complaint will not issue, an election will or will not be held, complaints from the person who didn't succeed in convincing the regional director of his or her point of view, that the regional director was wrong.

We do hear from the parties to those disputes. They can appeal the dismissal of the complaint, or failure to proceed to election, or something like that. Yes; to the extent I suggest the rest of the world is complacent, I would be wrong because we deal with a very difficult and controversial area of people's lives.

However, more directly, we do not have in any of our other regional offices the kind of issues that have been raised continually since last summer in Philadelphia. But this is not the first time in the 50-year history of the agency that this has occurred.

Senator Specter. I don't want to get involved in the entire 50-year history of the agency. I am trying to get some sense for what is going on in Philadelphia, and I am trying to get a sense for, in some limited context, without personally becoming involved in a massive investigation on a case-by-case basis, because that is really beyond my purview.

But, I am interested to hear you say that among the 33 regional offices, Philadelphia stands out in terms of complaints by either labor or management.

Ms. Collyer. But also what stands out, Senator, are the repeat kinds of activities of those persons who are complaining about the activities of the regional director in Philadelphia. In a short period of time, we have had a series of cases against the same labor organizations for many of the same kinds of violations.

Senator Specter. Ms. Collyer, I am in agreement with you on the requirement that the law be administered as it is written, and the law be administered even handedly. They are very sensitive issues, and they have to be handled very, very carefully. The job of the Administrator is to do it right, lawfully, and carefully.

I hear from labor just many, many, very, very vociferous complaints. What I am trying to do is to evaluate them. You say that there are repeated kinds of activities by labor in Philadelphia. Are you saying that labor nowhere else in this country undertakes the same kinds of activities?

Ms. COLLYER. No, sir; but part of the complaints have been that the regional director is fining or penalizing, assessing penalties against these particular organizations. The regional director has no authority to do that. The penalties are assessed by a court only when a labor organization is in contempt of a court order.

The way the process works is that first we get a court order enforced by a court of appeals. A violation of that court order which is in force can bring a labor organization back to the court of appeals for contempt by the NLRB, and the court will assess prospective fines, but not real live dollars. It is only the next time out, when the labor organization again violates the court order, that we bring them back on contempt and get actual penalties assessed.

That is why I say that the argument that you are hearing is from people who have been successive violators of the act because they have had dollars assessed by the court of appeals for being in contempt of court orders.

REPEAT VIOLATIONS

The decisions to go in contempt are made by me in Washington, on recommendation to the Board, and the members of the Board have to authorize us to go in contempt. Those decisions are not made by the regional director. That is why I say to you that those who are complaining are repeat violators because they have been held in contempt of courts of appeals orders.

Senator SPECTER. What are the illegal activities which you say are repeat violations?

Ms. COLLYER. The specifics, Senator, I would need to refer to the GAO report, which covers a series of cases. The kinds of things that we are talking about are illegal secondary picketing, that is picketing of a neutral employer in order to pressure the neutral to cease doing business with the primary employer with which the union has a dispute, and also picket line misconduct—violence, or mass picketing, or blocking of ingress or egress, things like that.

Those are the kind of cases that we are talking about here. It is in those kinds of complaint cases, Senator, that the regional director has sought injunctions. It is in violation of those requirements of the statute that these labor organizations have been found to be repeat violators, so that contempt fines have been assessed against them.

Senator SPECTER. How serious is the problem of illegal secondary picketing on a national basis?

Ms. COLLYER. In the last year, Senator, we got 76 injunctions against secondary picketing. I think that this is the number, sir, but I would need to verify that.

Senator SPECTER. Seventy-six, that is a number associated with Philadelphia all right. How many of those are in Philadelphia?

Ms. COLLYER. That I don't know, sir. I would need to check that.

Senator SPECTER. I would like to know that.

Ms. COLLYER. I certainly will tell you.

You understand, Senator, that an injunction is issued by a district court. The regional director, through the General Counsel——

Senator SPECTER. Yes; I do understand that.

How about picket line misconduct, that is a pretty broad category. What do you mean, first of all, by picket line misconduct?

Ms. COLLYER. The kinds of picket misconduct that we would be talking about would be mass picketing, that is, large numbers of pickets so that ingress and egress were blocked.

Senator SPECTER. Mass picketing.

Ms. COLLYER. Yes; violence, striking automobiles, throwing rocks, standing in the way of automobiles.

Senator SPECTER. That is a criminal violation, of course.

Ms. COLLYER. It can be, but it is also striking misconduct.

Senator SPECTER. Have criminal prosecutions been initiated in any of these situations in Philadelphia?

Ms. COLLYER. I don't know about Philadelphia. I do know that in some of the strikes in the last year there have been incidents of criminal proceedings.

Senator SPECTER. I asked about the initiation of criminal proceedings because that could be corroboration of the underlying facts if such criminal prosecutions had been initiated. But you say that you don't know if that has been done in Philadelphia.

Ms. COLLYER. I don't know. Of course, we would not be the ones to prosecute.

Senator SPECTER. But you might have knowledge of it.

Ms. COLLYER. Yes; but at the moment, I do not. I can find out whether there have been any criminal prosecutions.

Senator SPECTER. I would be interested to know that.

Really, on the question of what are the underlying facts, that is always the hard thing to know. As we sit here in this hearing room, it is not possible to know that.

GENERAL ACCOUNTING OFFICE REPORT ON PHILADELPHIA OFFICE

Ms. COLLYER. I am sorry, I don't understand your question, Senator, because in the cases cited by the complaining parties, you do have the underlying facts in the GAO report. I am not exactly sure which other facts it is that you are seeking.

Senator SPECTER. You have the representations of the facts from the GAO report. Those representations of fact were subject to a lot of disputes. What really happened, I do not know by reading the GAO report. I do not accept what I see in the report as factual. I am looking for corroboration of the facts. I ask about criminal prosecutions because if there is the incidents of striking of automobiles, or striking of people and criminal conduct, then it would be relevant as to whether criminal prosecution has been brought.

These facts that you see in the report may or may not be true.

Ms. COLLYER. There is corroboration, isn't there, Senator, if the union settles the case on the basis of our allegations?

Senator SPECTER. No.

Ms. COLLYER. I see.

Senator SPECTER. Cases are settled very frequently to avoid litigation. The books are full of consent decrees or settlements which have many, many reasons aside from any agreement on the underlying facts. There are many, many cases like that.

It is the factual matters that concern me. I think that if you have all the parties together, you can agree on the facts, and you can have disagreement as to what the consequences ought to be, or what the conclusions ought to be.

I have been a prosecuting attorney, and I have seen a lot of issues of fact as a practicing lawyer, and I have dealt with lots of issues of fact in the Senate. If you accept as true the underlying facts because there is a settlement, I would suggest to you that that is not a sound basis.

Ms. COLLYER. Well, sir, what I am suggesting is, on the basis of that settlement, to the extent that the facts are not true, hasn't the union, or whoever has settled, waived its right to complain about that, because the right is always there to appeal, or dismiss. Those are not costly matters. Particularly, with repeat violators, if we are wrong, it seems to me that it is their obligation to their members to prove us wrong.

In any event, Senator, I would encourage you to encourage them to get in contact with me on the basis of the facts they think support their allegations of misconduct on the part of the regional director.

I have no interest in defending bias or improper enforcement of the statute, but I have no information at all that would suggest that that is a problem.

Senator SPECTER. I think that your suggestion is a good one, that they should be in touch with you. I think that they ought to be in touch with you as well as in touch with me. I think that whatever they have to say, they really ought to bring to your attention. I think that that is definitely true.

I would say, in a broader context, where cases are settled, that it is true that for the purpose of that incident, the parties have waived their right to contest the consequences in that matter. When you make a settlement, that disposes of it and that concludes it as to that incident.

There may be collateral reasons for making settlements as in consent decrees, which are made all the time, and still the parties may feel that there is a pattern of conduct that they could litigate, and they don't want to litigate individual cases which they might want to call to your attention.

I appreciate your offer to meet with them. What I am going to suggest to them is just that, that they really ought to present their version of the facts to you. I appreciate your interest, and your sincerity, and I think that they ought to take it to you.

Ms. Collyer. I encourage you again, and I agree with you wholeheartedly, Senator, because my concern throughout has been, and this has happened, that there might be an effort to persuade the regional director to come out another way for fear of some kind of an investigation, or senatorial unhappiness.

It is very critical that we protect the prosecution of the statute so that the decisions are made on the basis of law and facts, and not made on the basis of any form of bias, pro or con, or any form of fear of intimidation or coercion. That is why I very strongly believe that, to the extent that there are concerns among any of your constituents, that they should address them to me where I might be able to do something, if something needs to be done.

Senator Specter. I know that you are not suggesting that there is any intimidation or coercion here.

Ms. Collyer. I am suggesting that I have to be very careful to make sure that that doesn't happen.

Senator Specter. Maybe you are suggesting that there is intimidation or coercion. Are you suggesting that there is any conceivable element of intimidation or coercion when a U.S. Senator makes an inquiry?

Ms. Collyer. Senator Specter, I was concerned for the process of the regional office, and for the persons with whom that regional office deals on a regular basis. I am not concerned about the interest or interests of a U.S. Senator. Obviously, you have your concerns, and they are legitimate. But our regional office, sir, does not deal with you. It deals with the parties that come before it.

To the extent that your good offices affect how the regional director makes his decision, that does concern me and, I think, legitimately so, without suggesting anything toward yourself or this body.

Senator Specter. Now would you answer my question.

Ms. Collyer. I am sorry, sir, could you repeat it?

Senator Specter. Yes; are you suggesting that there is anything by way of intimidation or coercion conceivable on an inquiry, a mere inquiry, by a U.S. Senator?

Ms. Collyer. Sir, there wasn't a mere inquiry. The answer to that question is no.

Senator Specter. Are you suggesting that there is intimidation or coercion if a Senator asks the GAO to conduct a inquiry or an investigation?

Ms. Collyer. I am suggesting that it is at that point that I have to start being concerned about influencing the decision process.

Senator Specter. Now answer my question.

Ms. Collyer. I did answer your question.

Senator Specter. No; you didn't. Your concerns are your business.

Ms. Collyer. That is correct.

Senator Specter. I know that is correct. My question to you: Is there intimidation or coercion when a U.S. Senator asks the General Accounting Office to conduct an inquiry or an investigation?

Ms. COLLYER. There may be depending on the nature of what happens thereafter, Senator.

Senator SPECTER. What happens, thereafter, is not what is done by the request for an investigation or an inquiry, is it?

Ms. COLLYER. I think that the GAO did perform the investigation you requested. Obviously, you didn't agree. Therefore, I assume that they will be proceeding.

Senator SPECTER. You assume what?

Ms. COLLYER. That they will be proceeding.

Senator SPECTER. Proceeding to do what?

Ms. COLLYER. To do more of whatever it is that you have asked them to do.

Senator SPECTER. When you talk about intimidation or coercion, I want to be absolutely sure that you are not suggesting that the request for an investigation constitutes intimidation or coercion. I think you said that it doesn't on the basis of the request for an investigation or an inquiry. Did I misunderstand you?

Ms. COLLYER. Let me see if I can answer this more clearly for you, Senator.

The problem is that we deal with very difficult, hotly contested issues. When the GAO starts investigating whether a particular case was decided properly or not, in my opinion, they are outside of their competency. The difficulty with the kinds of investigation that you suggest is that they call into question the ability of those who do know the statute and the facts of the parties, and what is going on, to make those decisions.

I very strongly feel that I must protect our ability to make those decisions which are given by law to the General Counsel, and not to either, in all deference, you or the GAO. To the extent that that investigation impinges at all on the next decision that the regional director makes concerning these same parties, it creates a great problem for me.

I have had inquiries from your colleagues on the other side of the Hill in which they have suggested that, thank goodness, the regional director is now making these calls differently as a result of the interest provoked by these kinds of complaints.

My answer to that is, I hope to God that he is not. His job is to make these decisions based on the law and the facts in an unbiased fashion, that is what he is paid to do. My belief, Senator, is that this is exactly what he is doing. But the statement has been made to me that, "Thank goodness, he is changing his position" because of your inquiry. This causes me great concern.

Senator SPECTER. Someone suggested that he is changing his position?

Ms. COLLYER. Yes, sir.

Senator SPECTER. Who is making that suggestion?

Ms. COLLYER. Congressmen from the same Philadelphia area. To be perfectly frank, I couldn't identify them for you right now if you wanted me to. I am sorry, I would have to follow through on that with you.

Senator SPECTER. I would appreciate it if you would because there is no direction, from what I have directed, to influence the NLRB's judicial discretionary functions and decisions.

Ms. COLLYER. I appreciate that, sir, and I understand that, but this is the point I make. That is why I say that this kind of inquiry causes me concern because that is the potential impact. That is why I have to make sure that the decisions made in my name are made properly and are made in an unbiased fashion. If your interest and this inquiry have, in fact, in some way impacted the decision——

Senator SPECTER. Some Congressman has made that suggestion, one Congressman?

Ms. COLLYER. No, sir.

Senator SPECTER. Two Congressmen?

Ms. COLLYER. Two or three.

Senator SPECTER. But you don't know their names.

Ms. COLLYER. I can find out for you, Senator.

Senator SPECTER. I would very much like to know.

Ms. COLLYER. I would not like to misquote them. I will check my notes. It may be that they were reflecting what had been told to them by those persons who have complained to you. They may also have been speaking of what those who came to them and to you are suggesting—that this is really doing some good. My answer to them was the same as it is today, I hope to God that this is not true. That is why I am concerned, Senator.

Senator SPECTER. Have you seen any evidence of inappropriate pressure on any official decision?

Ms. COLLYER. I have not seen it, but it is not necessary.

Senator SPECTER. It is not for you to decide whether it is necessary. We all perform our own functions. If you see some inappropriate pressure, that is something for you to decide. But it is not for you to decide whether it is necessary. With all due respect, I don't think that it is for you to decide whether the GAO is operating within its given functions, that is for the GAO to decide.

We live in a very complex society. I agree with the fact that the decisions that the NLRB carries out are very sensitive ones. This happens in Washington every day, and every day in Philadelphia, and every day in many, many offices. All I want to do is to see that there is a fair and impartial administration of the law, which is the same thing that you want.

What I do is subjected to analysis every day of the week. What everybody does in Government has to be subjected to that analysis. So I don't appreciate hearing from you what you think is necessary or not, because you perform your functions, and the rest of us will perform our functions. The question is whether there has been any inappropriate pressure brought to bear. From what I have heard you say, you have no evidence that there has been inappropriate pressure brought to bear.

I understand your job is to see to it that your people are protected so that they can make their decisions, and I think that you ought to do that, and I am for that. Perhaps, the next step is really for the people who are making the complaints to deal with you directly. Let them talk to you directly, which is your request, and I think that it is a good idea.

Ms. COLLYER. Yes; I think that it is a good idea.

I have not said that there had been inappropriate pressure. I said that I have no indication that there has been a feeling of inappropriate pressure. I do not suggest that the pressure has necessarily been inappropriate, and I do not suggest that there has been such a result.

What I am saying is that it very much concerns me that the decision process not be inappropriately influenced.

Senator SPECTER. I agree.

Thank you, Mr. Chairman.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator PROXMIRE. Thank you very much. There will be some additional questions which we will submit to you for your response for the record.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

Questions Submitted by the Subcommittee

BUDGET REQUEST

Question. For the second year in a row, your budget request is less than the previous appropriated amount. Specifically, you are requesting $130,865,000 and 2,390 full time equivalents (FTEs), a decrease of 3 percent in funding (pre-Gramm/Rudman/Hollings) and 4 percent in staffing. Yet, your case intake projects an increase of approximately 6 percent. How are you able to handle an increased workload with reduced resources?

Answer. The Agency's total case intake has declined from a high of 57,381 in fiscal year 1980 to 40,930 in fiscal year 1985, a decrease of 28.7 percent. During the same period the Agency staff has declined only 11.3 percent. The more rapid decline of intake than staff has produced an imbalance between cases and employment which the NLRB anticipates will return to a proper balance during fiscal year 1987.

Question. What was your original request to OMB?

Answer. The NLRB originally requested a budget of $132,993,000 and an FTE of 2,418.

BOARD MEMBERS

Question. For the last couple of years we have discussed the unusual turnover in Board membership and the resulting increase in the number of cases pending before the Board. How many Board Members are presently sitting?

Answer. At the present time, five Board Members are sitting--the first time the Board has had a full complement of Members since August 1983.

Question. When do you anticipate your next vacancy?

Answer. The next vacancy will occur not later than 27 August 1986 at which time the term of Patricia Diaz Dennis expires. However, Member Dennis has been nominated to serve as a Member of the Federal Communications Commission. Her nomination is currently pending before the U.S. Senate for confirmation. Upon being sworn in as a Member of FCC, Ms. Dennis will resign her seat on the Board, so that the vacancy may occur prior to the scheduled expiration of her term.

Question. Approximately how long does the Board Member nomination process take?

Answer. It is difficult for the Agency to estimate how long the nomination process takes since it varies from nomination to nomination. The amount of time varies depending on, inter alia, how soon the President nominates a Member, how soon the Senate schedules hearings on the nomination, and how soon the nominee is confirmed. In addition, although not technically a part of the nominating process, how soon the Board Member takes his or her seat and begins participating in the decisional process depends on such variables as how much time the new Board Member needs to adjust his or her affairs, relocate to Washington if necessary, and become familiar with the Board's case-handling procedures.

BOARD DECISIONS

Question. How many cases are currently awaiting decisions by the Board Members?

Answer. As of 1 April 1986, there were 1,077 cases (847 unfair labor practice cases, 230 election cases) awaiting decision by the Board Members.

Question. How does this compare with last year?

Answer. As of 1 April 1985, there were 1,198 cases (935 unfair labor practice cases, 263 election cases) awaiting decisions by the Board Members.

Question. The chart on page 20 of your justification indicates that the median time that elapsed from the filing of a case to a Board decision was 661 days, or approximately 1 year and 9 months, in FY 1985. That was an all-time high, as we read your chart. With a projected decrease in the Board's backlog, do you see an improvement in that time factor?

Answer. The high median figure in FY 1985 resulted from the issuance of a large number of very old cases, cases that were old even when the present Board arrived. The figure will remain high until we clear these more complex, more difficult, older cases away. Then, as the backlog continues to decrease, the median time from the filing of a case to issuance of a Board decision should also decrease. How much of a decrease is difficult to estimate, however, inasmuch as the time necessary to decide cases depends on such factors as the complexity of the issues involved, the length of the record, etc. In addition, as noted above, the Board expects a vacancy in the very near future, so that the median time might not decrease as much as might otherwise be true if the Board continued to operate with a full complement of Board Members.

CASE INTAKE

Question. For FY 1987, you are estimating a case intake of about 45,000 cases. For fiscal years 1985 and 1986, the original case intake estimates were subsequently adjusted downward. In fact, your revised estimate for FY 1986 is for 43,000 cases, a reduction of 10 percent from your original request. To what do you attribute the reductions in the estimates of case intake?

Answer. It is very difficult to determine what factors contribute to a reduced case intake. The Information Officer program has certainly contributed to the lower case intake over the years. Since FY 1980 the Agency has used an intensive field office pre-screening program which discourages clearly non-meritorious case filings. In FY 1985 over 196,400 inquiries of all types were received by the Agency. Of these, 12,248 resulted in formal filings, or about 6.2% of the inquiries, a reduction from the 6.5% experience of FY 84.

Another reason for lower intake is the lack of organizing campaigns by labor unions. Organizing campaigns frequently bring with them unfair labor practice charges, but representation cases have dropped from 13,648 in FY 1979 to 8,402 in FY 1985, a decline of approximately 38.4%. In FY 1980 "R" cases represented approximately 25% of the total caseload. In FY 1985 "R" cases represented about 20.5% of the total cases. This lack of organizing appears to impact the Agency ULP cases as well as the representation cases.

We believe other factors have also led to our reduced case intake, such as the general economic climate, but we have no means of quantifying those factors and their impacts.

Question. Do you think this will be a continuing trend in FY 1987?

Answer. It is very difficult to predict any particular trend. Much will depend on the nature of the collective bargaining process, labor-management relations, the economy and organizing strategies adopted by labor unions. Case intake rose sharply during the early and mid-seventies and now the NLRB is experiencing a decline. This may indicate some kind of cycle but we can't be sure this at time. Our current intake appears to be at about last year's level, which may indicate that the decline of recent years could be leveling off.

STAFFING

Question. You are requesting a reduction of 104 full time equivalents (FTEs) from 2,494 to 2,390, a 4 percent cut. Cumulatively, this is an 11 percent cut from the FY 1984 level. How will this be accomplished? Also, please state where the reductions will take place and whether this reduction will impact on your workload and productivity.

Answer. The NLRB plans to reduce 104 FTE through ordinary attrition. Most of this attrition is expected to be in our regional offices and the Washington offices of the General Counsel. A small amount is estimated to occur in the Division of Judges. This staffing reduction will enable the NLRB to achieve a proper balance between cases and staff, thus enabling the NLRB to achieve budgeted productivity improvements. The NLRB intake has dropped from a high of 57,381 in 1980 to 40,930 cases in FY 1985, a drop of approximately 28.7%, but staffing during that time has only dropped 11.3 percent, thus a decline in closed cases per staff-year. The case intake and disposition estimates for FYs 1986 and 1987 along with a projected 5.6 percent productivity improvement will enable the NLRB to balance workload and staffing sometime during FY 1987.

TRAINING PROGRAMS

Question. On page 4 of your justifications, there is a line item for training programs, showing an increase of 39 percent, from $521,000 to $725,000. Could you please explain the increase. What kind of training is involved?

Answer. The increase in training from FY 1986 to FY 1987 is due primarily to the cancellation of training in FY 1986 to meet the Gramm-Rudman-Hollings budget cuts. The Agency has decided to cancel all discretionary training including Agency training conferences. The cancellation included training meetings for trial attorneys, field examiners and office managers. These items, however, are funded at or below normal levels in fiscal year 1987. Thus, the training plans for FY 1987 represent our normal program and not deferrals from FY 1986.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

DISPOSITION PATTERNS

Question. The pie chart on page 16 of your justifications setting forth the disposition pattern for unfair labor practice cases indicates there was a large jump in the catch-all category "other" -- from 3.7 percent of all cases in 1984 to an estimated 6.8 percent of all cases in 1985. What caused this increase?

Answer. The figure of 6.8 percent we show for "other" dispositions in FY 1985 is a normal one and in fact is very close to the average for the years 1976 through 1982.

It appears that the 3.7 percent shown for 1983 and 1984 may have been an error that arose when figures had to be estimated due to delayed computer reports. We should be able to confirm this in the near future when the annual reports for those years are completed.

The category of "other" dispositions includes a dozen forms of disposition that have always been relatively infrequent. Examples are a respondent's compliance with an ALJ decision without taking exceptions to the Board, withdrawal of a case by the charging party after litigation has commenced, and dismissals for failure to present testimony.

PRODUCTIVITY

Question. On page 6 of the General Counsel's prepared statement you indicate that in both 1984 and 1985 productivity was affected by a decline in case intake which was greater than staff attrition. I assume this means that your productivity fell. Can you tell us how the Board's productivity has changed between 1981 and 1985?

Answer. One of our most significant productivity measures--that which involves the greatest number of employees--is the disposition rate for unfair labor practice cases in our Regional Offices. That composite rate was 38.2 cases disposed of per professional staff-year in FY 1985 (29,680 dispositions requiring the use of 778 staff-years of employment). In FY 1981 the same measure was 48.2 dispositions (35,010 dispositions and 832 staff-years).

We are confident that the decline in this key indicator does not reflect any deterioration in employee effort or management methods, but rather is the result of a workload decline more rapid than we could match through attrition. We anticipate new increases in case filings, and, when workload and staff have again been balanced, we expect productivity rates equal to and above what was achieved in 1981.

ANNUAL REPORTS

Question. Last year when the NLRB testified before the Committee, Mr. Truesdale explained that an annual report backlog was about to be cleared up and that your 1982, 1983 and 1984 annual reports would be issued in calendar 1985. Can you tell us how successful you have been in dealing with your annual report backlog?

Answer. Data collection and analysis for the fiscal year 1982 Annual Report posed the greatest problem because some information was not recorded during a change in computer systems and the data had to be manually located and then reconciled. Ultimately we were successful and the FY 82 Report was issued on 25 February 1986. Using the final FY 82 figures now available, our headquarters and field offices are presently reconciling statistics for 1983. That work should be completed within a very few weeks.

Reconciliations are also going on in parallel for 1984 and 1985. Most of the text chapters for those years are complete or can be finished as soon as the statistics are ready.

In summary, we think we have a good chance of issuing at least the 1983, 1984 and 1985 reports within the next few months and to issue the 1986 report before our next hearing.

NATIONAL MEDIATION BOARD

STATEMENT OF WALTER C. WALLACE, CHAIRMAN

ACCOMPANIED BY:
HELEN M. WITT, MEMBER
CHARLES L. WOODS, MEMBER

INTRODUCTION OF ASSOCIATES

Senator PROXMIRE. Our next agency is the National Mediation Board, represented by Walter C. Wallace, Helen M. Witt, and Charles L. Woods.

Welcome to the committee, and proceed with your summary.

Mr. WALLACE. Thank you, Mr. Chairman.

Alphabetically, this is the first time in my life that I am at the head of the list.

Mr. Chairman, it is a pleasure to be here today. May I introduce my colleagues, on my right, Mrs. Witt, who was Chairman last year, and you may recall testified on behalf of the agency at that time. We have a new member of the Board, Mr. Charles L. Woods. We are delighted to have him on board.

Mr. Chairman, may I recognize two people who are part of our agency, Mr. Rowland Quinn. Mr. Quinn will retire in about 2 weeks. Mr. Quinn has a fine record, and we will miss him when he leaves, but we are fortunate to have Mr. Charles Barnes who will be the successor to Mr. Quinn.

I have a prepared statement, which I think you have. May I just read an abbreviated statement, and move to questions. The National Mediation Board is requesting an appropriation of $6,540,000 and a personnel complement of 58 positions, $455,000 more than is available in fiscal year 1986.

The primary function of the Board under the Railway Labor Act is to provide mediation in connection with collective bargaining and representation matters concerning employees of the railroad and airlines. For this, we are requesting $3,286,000.

The second function of the Board relates to voluntary arbitration and the investigation of critical disputes through emergency board procedures. We are asking $584,000 for that item, and this is $25,000 more than was available in fiscal year 1986.

Another function is the adjustment of railroad grievances, and for this we are requesting an appropriation of $2,203,000 for referee services for fiscal year 1987, an increase of $293,000 over fiscal year 1986. It is estimated that the administrative expenses attendant to the adjustment of railroad grievances will be $467,000, $23,000 more than is available during fiscal year 1986.

PREPARED STATEMENT

This completes the summary of my statement. I will be happy to answer your questions.

[The statement follows:]

STATEMENT OF WALTER C. WALLACE

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE. Thank you for this opportunity to appear before your Subcommittee today regarding the National Mediation Board's budget for Fiscal Year 1987.

The total amount requested for Fiscal Year 1987 to administer the Railway Labor Act is for $6,540,000 and a personnel complement of 58 positions, $455,000 more than is available in Fiscal Year 1986.

The appropriation for the National Mediation Board is requested for expenses necessary to administer the provisions of the Railway Labor Act, as amended. This statute was designed to provide orderly procedures for the settlement of labor disputes in the railroad and airline industries as well as questions of employee representation and to interpret agreements made in mediation.

When the Railway Labor Act was amended in 1934 it established the National Railroad Adjustment Board for the purpose of handling grievances arising under the terms of collective bargaining agreements in the railroad industry.

One June 20, 1966, the President signed Public Law 89-456, which further amended certain provisions of Section 153 of the Act. Under the Public Law, new grievances and those which have been on docket before the National Railroad Adjustment Board for a period of a least one year may be referred to a local board of adjustment. The purpose of this amendment was to reduce an overwhelming caseload of unresolved disputes pending before the National Railroad Adjustment Board.

The budget justification, as submitted, identifies the functions just discussed and the amounts requested for each. I would like to go over each one briefly.

Mediatory Services

For mediatory services for Fiscal Year 1987 we are requesting $3,286,000, an increase of $114,000 over Fiscal Year 1986. These services include mediation relating to the making and amending of collective bargaining agreements, procedures relating to the selection by employees of their bargaining representatives, and a number of administrative duties consistent with statutory authority under the Act and related statutes governing railroad and airline labor disputes procedures.

Voluntary Arbitration and Emergency Disputes

The second activity of the Mediation Board relates to voluntary arbitration and the investigation of critical disputes through emergency board procedures. In these arbitration proceedings, disputes over contract formation are voluntarily submitted by labor and management to a neutral party for final and binding decision.

Emergency boards are created by the President pursuant to Section 160 of the Act. When the Mediation Board finds that a dispute not resolved in mediation threatens subtantially to interrupt interstate commerce and deprive any section of the country of essential transportation, it notifies the President who may create an emergency board to investigate and make recommendations as to the settlement of the dispute.

The Northeast Rail Service Act of 1981 amended the Railway Labor Act by adding a special emergency dispute procedure for publicly funded and operated commuter carriers and their employees. Under this procedure, the President would be required, upon request of any party to a labor dispute, including the Governor of the State, to establish possibly two successive emergency boards. A public hearing is held by the National Mediation Board, to review the Emergency Board's findings to help in resolving the issues in dispute.

The Mediation Board is requesting $584,000 for these activities, an increase of $25,000 over Fiscal Year 1986. As in the past we will continue to hold this amount in a special category and use it only for voluntary arbitration and emergency disputes. Any amount not needed for this purpose will remain unspent and lapsed at the end of the year.

Adjustment of the Railroad Grievances

When the Railway Labor Act was amended in 1934, the National Railroad Adjustment Board was created to hear and decide disputes involving railroad employee grievances and questions concerning the application and interpretation of work rules. Administrative responsibility and fiscal management of the Adjustment Board were placed with the National Mediation Board.

As indicated earlier in my statement the Mediation Board administers Public Law 89-456, which amended certain provisions of Section 153 of the Railway Labor Act.

In general, the amendment authorized the establishment of special boards of adjustment, known as public law boards, on individual railroads upon written request of either the representatives of employees or of the railroad to resolve disputes otherwise referable to the National Railroad Adjustment Board, and those disputes pending before the Board for one year.

The total of $2,203,000 is requested for the disposition of grievances by these tribunals, an increase of $293,000 over Fiscal Year 1986. We estimate that this is the amount necessary to sustain a full year of operation in Fiscal Year 1987. It is estimated that the administrative expenses attendant to the adjustment of grievances will be $467,000, $23,000 more than is available during Fiscal Year 1986.

This completes my statement. If you have any questions, we will be happy to answer them.

NO INCREASE IN VOLUNTARY ARBITRATION AND EMERGENCY DISPUTES

Senator **Proxmire**. I have a few questions, but I have to go to the floor pretty quickly. Let me ask this one question, and then I will submit the rest for the record.

Although the budget request reflects a $455,000 increase above the Board's current appropriation, the actual increase over presequestration is only $182,000. Modest increases are proposed next year for every activity except voluntary arbitration and emergency disputes, which would be frozen at the presequestration level. Can you tell us why no increase is proposed here?

Mr. **Wallace**. The voluntary arbitration and emergency disputes, it is very difficult to estimate the number of emergency boards we will have in any one year. You understand, Senator, that the amount of money that is not spent, and there is a special arrangement with Congress, is returned to the Treasury. We estimate that $584,000 will be adequate to cover any possible emergency boards and arbitration boards. We have a section 9(a) for the first time this fiscal year, involving the matter of the New Jersey transit and others. Whether or not they will involve the 9(a) procedure is a question.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator **Proxmire**. Thank you very much. We will submit the other questions for the record.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Question. What was the original budget request you submitted to OMB?

Answer. Our original budget request amounted to $6,892,000.

Question. Mr. Chairman, your budget request for FY 1987 is $6,540,000, an increase of $182,000 over the $6,358,000 appropriated in FY 1986 (Pre-Gramm-Rudman-Hollings). Do you think the budget request is adequate to continue operations at a current services level?

Answer. It is my opinion that the FY 1987 request will be adequate to continue the Board's functions at the level before Gramm-Rudman-Hollings took effect.

REPRESENTATION CASELOAD

Question. The FY 1987 estimate projects an increasing backlog in representation cases - a 45 percent increase in FY 1987 over FY 1986. Yet, the number of cases closed as a percentage of total cases is projected to decrease in FY 1987 -- 63 percent in FY 1987 as opposed to 69 percent in FY 1986. To what do you attribute the increase in backlog?

Answer. Despite the projected increase in workload, there will not be a corresponding increase in staff. For this reason, not as many cases, as a proportion of the total, will be resolved by the Board and there will be a slight increase in the backlog.

Question. Your budget request for this activity is $3,286,000 and 48 full time equivalents (FTEs), a two percent increase from the FY 1986 enacted amount. Do you require more personnel to handle these cases?

Answer. No. Prior to FY 1986, the Board chose not to fill some vacancies. We now have a full complement of mediators, and feel that we have an adequate number to handle the increased caseload.

MEDIATION CASELOAD

Question. The FY 1986 estimate for mediation cases closed as a percentage of total cases pending more than doubled over FY 1985, that is, 45 percent versus 21 percent. The FY 1987 estimate for cases closed as a percentage of total cases pending continues at the FY 1986 level. How are your FY 1986 estimates for case completion holding up?

Answer. At the moment, the number of closed mediation cases is running behind our estimate. As of the end of April, 61 mediation disputes or 20 percent have been resolved.

Question. To what do you attribute the increase in case completion in FY 1986?

Answer. Our estimate was based on a number of local railroad disputes being resolved in the aftermath of national rail bargaining.

Question. What labor activity and contract activity in FY 1987 do you estimate will affect your caseload and case completion figures?

Answer. Compared to FY 1986, which will not be a particularly heavy bargaining year in the airline industry, FY 1987 will see a large number of agreements due for amendment. Agreements concerning over 60 crafts or classes of employees are subject to amendment in FY 1987, twice the FY 1986 number. We expect a corresponding increase in mediation activities as a result. Included are some of the largest bargaining units in the airline industry: mechanics on United, Western, USAir, and Flying Tiger; pilots on Pan American, Western, Piedmont, Republic, and Flying Tiger; flight attendants on American, Western, Northwest, Piedmont, Republic, and Frontier; clerical and related employees on Ozark, Republic, Western and Frontier.

In the railroad industry, labor and management on the local rail properties will be discussing issues either not resolved in national negotiations or not precluded from local bargaining by the moratorium provision of the national agreement. This will also tend to increase the overall workload of the Board.

INFORMATION TECHNOLOGY SYSTEMS

Question. The FY 1987 budget request for automated information systems (AIS) is $372,000, an increase of $75,000, or 25 percent above the $297,000 amount for FY 1986. Yet, you state that "none of the Board's new initiatives are major systems as defined in OMB Bulletin 85-12." What comprises the 25 percent increase in cost?

Answer. Our present system has reached obsolescence, therefore, during FY 1987 we plan to replace word processors and upgrade the present ADP capacity. Also included in the increase is the additional cost of telecommunications and maintenance of equipment.

Question. In what ways will this increase in information services affect the Board's operations?

Answer. The National Mediation Board advanced its automation efforts in three areas during FY 1985. They are: the railroad grievances tracking system which tracks all significant data pertinent in processing a case through established procedures and will facilitate efforts to produce reports. This advancement will allow us to obtain greater efficiencies in our management of the grievance adjustment program. In the personnel area, the Board is now able to produce data that conforms with OPM requirements. Also the Board now has capability to meet information requirements of other agencies, particularly the U.S. Treasury. The communication area shows an improvement in the Board's ability to maintain constant touch with the mediators in the field.

The Board has made considerable headway in its implementation of a rather sophisticated computer operation. It will be necessary to obtain sufficient funds in the future to sustain and expand our capabilities in this area.

CONTINGENCY FUND

Question. For FY 1987 and for many previous fiscal years, you have requested a contingency fund of $584,000 to cover the expenditures of both emergency and arbitration boards. However, it appears that most of the fund is unobligated at the end of the year and returned to the treasury. Do you foresee any need to continue requesting this sizeable amount of funds?

Answer. With Congressional concurrence, this contingency fund has been held in a special category and is used only for this purpose. Any amount not needed for this purpose will remain unspent. It is the Board's opinion that the $584,000 should be available in case emergency boards are established as are deemed necessary.

RAILROAD GRIEVANCES - REFEREE COSTS

Question. In FY 1986, you state that the Board is limiting the amount of days referees of railroad grievances may work, so that there will be no shutdown (p. 31). In addition, you state that the "Mediation Board is making a concerted effort to persuade the parties to group cases into issues," so that more cases can be disposed of. Do you think the concerned parties will accept this administrative change now?

Answer. We certainly hope so. In light of fiscal realities the parties must accept this administrative change; otherwise the workload will increase and the whole process will suffer.

Question. If the involved parties are not persuaded to accept group cases, how will that affect the amount of days referees may work?

Answer. It will not affect the number of days referees may work, however, it will increase the backlog and the amount of time it takes to decide a case.

Question. Do you foresee the same type of administrative procedure, that is, limiting the amount of days referees may work, continuing in FY 1987?

Answer. If we receive the amount requested, we do not foresee any curtailment in FY 1987. However, if funding is reduced, the present lower level will continue.

NATIONAL RAILROAD ADJUSTMENT BOARD

Question. On page 30 of your FY 1987 budget justifications, you state that a newly formed labor-management committee was established to review suggestions and recommend changes for "Grievance Handling and Labor Arbitration in the Railroad Industry."

When will the Committee meet and under what time limitations is it working in order to make recommendations?

Answer. The Board is encouraging the representatives of both labor and management to meet. As of April 30, 1986, no meeting has been scheduled.

Question. Will the recommendations be binding on the National Railroad Adjustment Board (NRAB)?

Answer. Yes, if the committee so stipulates as well as other tribunals that handle 85 percent of the grievances processed under section 153 of the Railway Labor Act.

Question. How will the Board "monitor" the Committee's activities?

Answer. It is the Board's wishes to have a tri-parte committee membership formed of representatives of labor, management and the National Mediation Board.

QUESTION SUBMITTED BY SENATOR MARK ANDREWS

Senator Andrews. During the negotiations between Eastern Airlines and its pilots earlier this year, there was considerable criticism by the Eastern pilots that the National Mediation Board (NMB) sided with the Company and its lenders in a strategy to force the pilots to accept the Company's demands without giving the parties sufficient opportunity to reach a settlement through good faith collective bargaining. Some have claimed that the mediation process was expedited in an unprecedented fashion and that the pilots had good reason to believe that the Board compromised its neutrality in its efforts to consummate an agreement. How do you respond to this criticism, and describe in particular any pressures on the Board to force an agreement?

Answer. Let me assure you that the Board adheres in the strictest sense to a policy of neutrality in collective bargaining disputes. Allegations that the Board deviated from this policy in the Eastern Airlines disputes are unfounded in fact. Both labor and management were aware that given the serious financial condition of Eastern a drawn-out negotiation would not be in the best interests of either side. This does not mean that anyone's rights were denied or violated.

It should be kept in mind that these were unique negotiations. In the background was a February 28, 1986, deadline imposed by Eastern's major lenders that required new, lower cost collective bargaining agreements in place for all of Eastern's unionized employees. In absolute terms Eastern is the most heavily debt-ridden airline and the banks were threatening to hold Eastern in default on the loans if the new agreements were not achieved by the February 28 deadline. That the deadline was serious became evident as subsequent events materialized. Although new agreements could have been in place with the flight attendants and pilots, the mechanics union did not agree to new terms. The mechanics were under no obligation to reopen their agreement which does not come up for amendment until the end of next year. Unable to meet the bank's deadline, the Board of Directors of Eastern agreed to sell the carrier to Texas Air several days prior to February 28. With the added financial resources of Texas Air, the lenders agreed to defer the default.

The Board took jurisdiction over the dispute between Eastern and the Air Line Pilots Association on December 13, 1985 when our services were invoked. The parties themselves had been in bargaining for a number of months prior to this request in order to change an agreement which had become amendable on June 1, 1985. On December 20, 1985, the Board, upon request of the pilots' union, asked the parties to engage in direct negotiations commencing December 26. The pilots request was granted with the understanding that the parties appreciated the urgency of conducting their negotiations at an early date. The parties were informed on January 8 that on January 13 a mediator would be present to commence Board mediation of the unresolved dispute. Mediation proved unsuccessful in resolving the parties' differences, however, and as required by the Railway Labor Act, the Board requested that the parties submit their dispute to arbitration. The proffer of arbitration was accepted by the pilots' union, but rejected by the carrier. A new agreement was reached in mediation during the cooling-off period. The parties were kept fully informed of the Board's actions in this case and its actions were not surprising to either side.

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

Senator Specter. On March 21, 1986, I wrote to you urging that you recommend that the President establish an emergency board to examine the dispute between the Brotherhood of Maintenance of Way Employes and subsidiaries of the Guilford Rail System. Have you recommended this course of action to the President?

Answer. A Presidential emergency board to investigate and report on this dispute was created on May 16, 1986.

Senator Specter. Were you joined in requesting this board by the Association of American Railroads and the Federal Railroad Administration?

Answer. The Federal Railroad Administration (FRA) provides economic data on the current impact of a strike and an assessment of future effects. It would be inappropriate for me to attempt to characterize any opinion FRA might have on whether an emergency board should be created or not in a given dispute. For a similar reason, I must defer commenting on whether or not the Association of American Railroads recommended an emergency board in this matter.

Senator Specter. Has the White House given you any indication as to whether and when such a panel might be convened? If not, what reason has been given for the delay?

Answer. As noted, an emergency board has been created.

Senator Specter. In your opinion, how would an emergency board be helpful in resolving this dispute?

Answer. Historically, the purpose of a Presidential emergency board has been to provide a fresh examination and refocusing of the issues which precipitated the dispute. The report to the President usually contains the board members' recommendations for settling the parties' differences. It was the expectation of the drafters of the Railway Labor Act that public opinion would play a vital role in forcing the recalcitrant party to abide by the recommendations of the boards.

Questions Submitted by Senator William Proxmire

UNIONIZING

Senator Proxmire. Mr. Wallace, you mentioned last year that much of the Board's representation caseload involved airline employees who were previously unrepresented. What's the outlook for union organizing at the present time?

Answer. In making an estimate for our representation caseload for any given year, we examine several factors: (1) the recent trend in organizing the rail and air industries; (2) the likelihood that unions will attempt to organize the growth sectors of the rail and air industries; and (3) general economic conditions. Of course, in the final analysis, the Board has no control over the cases that it will receive in any given fiscal year.

I would note that the Board is presently conducting representation elections involving two of the largest unorganized bargaining units in the airline industry: passenger service employees at Eastern and Trans World Airlines. These are the first large elections in the past several years and may indicate a new commitment on the part of organized labor to tackle new organizing efforts, precipitated by the carrier efforts to reduce labor costs in the unorganized sector.

Senator Proxmire. Have there been many strikes during the past year in the railroad and airline industries?

Answer. In the past two years, there have been five strikes, four of which occurred in the airline industry.

UNOBLIGATED BALANCE LAPSE

Senator Proxmire. The budget documents show an unobligated balance of $537,000 last year. Why were you unable to obligate these funds?

Answer. A majority of the unobligated balance lapsed, $499,000, belongs to the contingency fund which is limited to arbitration boards, emergency boards and factfinding panels. This contingency fund has been held in a special category and is used only for this purpose. Any amount not so needed remains unspent.

WORKLOAD

Senator Proxmire. While the number of pending cases from 1985 to 1987 is estimated to decrease by a total of 85 under mediatory services, an increase of 30 pending cases for representational disputes is estimated for the same period. Are you finding it difficult to keep up with the workload?

Answer. No. Our present staff is sufficient to handle the existing and projected workload.

SLUC CHARGES

Senator Proxmire. How will you be able to reduce your standard level user charges by $35,000 in fiscal 1987? That represents a total decrease of roughly 12 percent over the past few years.

Answer. We were advised by GSA that the rent cost will decrease from $290,000 to $248,000 in FY 1987 for the D.C. offices, and increase the Chicago offices cost from $63,000 to $70,000.

OTHER SERVICES

Senator Proxmire. Mr. Wallace, why is there such a wide discrepancy between the amounts proposed under the Board's Other Services activity and the actual funds obligated? For example, you requested $284,000 in fiscal 1984 and obligated $54,000 --- about 19 percent of the budget request; the request in fiscal 1985 for this activity was $150,000 and the amount obligated was $79,000 --- not quite 53 percent of the proposal. How do you account for this?

Answer. Please keep in mind that the contingency fund for emergency and arbitration boards is distributed among the various line items, including Other Services. For example, of the $284,000 requested for FY 1984, $136,000 was allotted for court reporting service for representation matters and arbitration and emergency boards. During FY 1984, few hearings were held which required reporting service. Also, during FY 1985, $71,000 was allotted for reporting service and again was not required.

Senator Proxmire. What's included under this activity?

Answer. Other services is a broad category for a variety of items which include equipment maintenance, training, court reporting services, software development and health unit services.

EQUIPMENT

Senator Proxmire. Mr. Wallace, it was reported last year that the Board's greatest need in connection with its equipment costs was to develop software and maintain its existing equipment. Where do you stand now in this regard?

Answer. The National Mediation Board advanced its automation efforts in three areas during FY 1985. One is the railroad grievances tracking system which tracks all significant data pertinent in processing a case through established procedures and will facilitate efforts to produce reports. This advancement will allow us to obtain greater efficiencies in our management of the grievance adjustment program. In the personnel area, the Board is now able to produce data that conforms with OPM requirements. Also the Board now has capability to meet information requirements of other agencies, particularly the U.S. Treasury. The communication area shows an improvement in the Board's ability to maintain in constant touch with the mediators in the field.

Senator Proxmire. Will any of the proposed $20,000 increase in these costs be used to purchase new equipment?

Answer. The Board's plans are to upgrade the ADP system and to replace present word processors which have become obsolete due to the rapid change in technology.

RAILROAD GRIEVANCES — REFEREE SERVICES

Senator Proxmire. The budget request includes $2.2 million for referee services in the adjustment of railroad grievances. How many referee days does that represent?

Answer. With the $2,203,000, the Board hopes to spend $213,000 for referee travel, and $1,990,000 for 9,045 referee days.

Senator Proxmire. How does that compare with the current year?

Answer. The FY 1987 request provides, 1782 more referee days, a 23 percent increase.

Senator Proxmire. What's the current daily rate for referees?

Answer. The current daily rate is $220.00.

ASSESSMENT OF NATIONAL RAILROAD ADJUSTMENT BOARD

Senator Proxmire. I understand the Board was considering a conference to assess the National Railroad Adjustment Board last year. Did this take place?

Answer. Yes, it met in October of 1985.

Senator Proxmire. What happened? Were any improvements made in the Board's operations?

Answer. There have been no discernible changes in the operations of the National Railroad Adjustment Board. However, the conference dealt not only with the National Railorad Adjustment Board, which handles approximately 15 percent of claims under section 153 of the Railway Labor Act, but the whole grievance process. Labor and management representatives agreed that changes were necessary and each established a committee to effect these changes.

Senator Proxmire. Can you tell us briefly about these changes?

Answer. The most significant change has been the creation on certain railroads of expedited discipline boards, wherein a person discharged may have his or her case decided within a few months rather than years. We hope there will be more widespread use of such a procedure in the future.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

STATEMENT OF E. ROSS BUCKLEY, CHAIRMAN

PREPARED STATEMENT

Senator PROXMIRE. Next we will hear from Mr. E. Ross Buckley, Chairman of the Occupational Safety and Health Review Commission [OSHRC].

Mr. BUCKLEY. Thank you, Mr. Chairman. I appreciate the opportunity to be here to present the budget for 1987 for the Occupational Safety and Health Review Commission. We have submitted a statement. With your permission, I would ask that that statement be placed in the record.

Senator PROXMIRE. It will be printed in full in the hearing record.

[The statement follows:]

STATEMENT OF HON. E. ROSS BUCKLEY

Mr. Chairman, I appreciate the opportunity to present for your consideration the fiscal year 1987 appropriation request in the amount of $5,750,000 for the Occupational Safety and Health Review Commission. This request represents an increase of $103,000 and the same level of staffing from the resource levels approved by the Congress for fiscal year 1986. Current expectations are that the Commission will receive an estimated 1,534 new cases in fiscal year 1986 and 1,640 new cases in fiscal year 1987.

At the beginning of fiscal year 1985, the administrative law judges had an inventory of 620 cases. By the end of that year, there were 651 cases. The Commission members had 110 cases at the beginning of fiscal year 1985 and 96 at the end of fiscal year 1985. Now that we have a full Commission, our goal is to reduce the case inventory during fiscal years 1986 and 1987 to a level that will allow a Commission decision to be issued within a timeframe of 4 to 6 months after a case has been directed for review.

The budget for fiscal year 1987 shows a spread of less than 150 cases between the actual number of cases received for adjudication in fiscal year 1985 and the projections for fiscal year 1986 and fiscal year 1987. In other words, quantitatively the anticipated workload of the Commission is expected to remain relatively stable. Qualitatively, the estimates for fiscal year 1987 reflect some consideration of the Occupational Safety and Health Administration [OSHA] rulemaking and enforcement pronouncements. These include a special inspection program in the chemical industry in order to prevent Bhopal-type accidents; some impact from current rulemaking considering possible expansion of the hazard communications standard beyond manufacturing; and possible modifications of standards concerning asbestos, ethylene dibromide [EDB], and access to employee medical records.

This concludes my statement. With me today are members of my staff, to answer any questions that you may have.

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INTRODUCTION OF ASSOCIATES

Mr. BUCKLEY. Let me introduce our chief administrative law judge, Paul Tenney, our Director of Administrative Services, Larry Hoss; and behind me, I have my Executive Director, Paul Lyons; and General Counsel Earl Ohman; and Executive Secretary Ray Darling. I would also particularly like to introduce two new members of the Commission, Mr. John Wall, and Commissioner Robert Rader.

Senator PROXMIRE. Thank you very much, Mr. Buckley.

I notice that there has been a reallocation of staff at the Commission. Last year's budget indicated that you would devote 37 positions to commission review, 36 positions to administrative law judge determinations, and 17 positions to administration. Your current budget shows a reduction in your administrative law judge determination staff of eight, with four of those positions being shifted to commission review, and another four shifted to administration. Can you explain those changes?

Mr. BUCKLEY. The regional offices were consolidated in 1985, resulting in a decrease in the number of administrative law judges. Two of them retired, and two obtained other positions. We had several vacancies in the General Counsel's Office, and we also had several unassigned vacancies. It was my view that we ought to assign those vacant positions to meet future needs.

There has been no significant reallocation of the funds.

Senator PROXMIRE. In your prepared testimony, you refer to a possible modification in the standards concerning access to employee medical records. What kind of a modification do you anticipate?

Mr. BUCKLEY. The Occupational Health and Safety Administration has proposed rules that will affect the requirements of maintaining the medical records of employees, and making available those records to OSHA. We anticipate that as a result of that proposed rule there may be additional litigation involving that issue, and that may have an impact on the number of cases that will come to the Review Commission.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator PROXMIRE. I have one or two additional questions for the record. I would appreciate it if you would answer them. I want to thank you very much.

Mr. BUCKLEY. Thank you.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

"WHO STRUCK JOHN"?

Question: WHAT WAS THE ORIGINAL BUDGET REQUEST YOU SUBMITTED TO OMB?

Answer : The Commission's budget request as submitted to OMB for fiscal year 1987 was for $5,750,000.

BUDGET REQUEST

Question: MR. CHAIRMAN, YOUR BUDGET REQUEST FOR FY 1987 IS $5,750,000, A DECREASE OF $151,000 from the $5,901,000 APPROPRIATED IN FY 1986 (BEFORE GRAMM-RUDMAN-HOLLINGS).

- DO YOU THINK YOU WILL BE ABLE TO ACCOMPLISH YOUR GOALS WITH THE 90 FULL TIME EQUIVALENTS AND THE AMOUNT THAT YOU HAVE REQUESTED?

Answer : The budget request of $5,750,000 is based upon our best estimates of resources that will be required to process the anticipated caseload for FY 1987. Current expectations are that the requested funding level will be sufficient to support 90 full time equivalent positions.

NATURE OF CASES

Question: IN YOUR STATEMENT, MR. CHAIRMAN, YOU SAY: "QUALITATIVELY, THE ESTIMATES FOR FISCAL YEAR 1987 REFLECT SOME CONSIDERATION OF OSHA RULEMAKING AND ENFORCEMENT PRONOUNCEMENTS."

- WHAT KINDS OF CHANGES HAVE OCCURRED IN OSHA RULEMAKING AND ENFORCEMENT TO AFFECT THE QUALITY OF THE CASES APPEALED TO THE COMMISSION:

- HOW WILL THESE CHANGES AFFECT THE CASELOAD AND TURNAROUND TIMES FOR ADMINISTRATIVE LAW JUDGES AND COMMISSION REVIEW DECISIONS?

Answer : Rulemaking in several areas may render more complex the adjudication of cases before the Commission in FY 1987. These include possible expansion of the Hazard Communications Standards beyond manufacturing, modifications of standards concerning asbestos, ethlene dibromide (EDB), and changes in the access to medical records rule. The Third Circuit Court of Appeals sustained the general validity of the Hazard Communications Standard, but remanded the standard to the Secretary of Labor to reconsider the standard's current limitation to workers in only designated SIC manufacturing codes, and would expand the standard's application to other employment, unless it is established in rulemaking not to be feasible. In addition, the remand would require several minor changes in the trade secrets provision. It is expected that both the present standard and its possible extension to areas outside of manufacturing will give rise to questions of privilege concerning trade secrets and the use of protective orders, as well as the adequacy of "Material Safety Data Sheets" (MSDS) and warning labels on chemical hazards.

Final rulemaking action amending the standards concerning asbestos and ethylene dibromide is expected soon. A reduction of the permissible levels of exposure under these standards may give rise to increased enforcement activity on matters of first impression that may result in an increase in cases involving foundations for scientific measurements involved as well as in expert testimony on engineering controls. Concerning the access to employee medical records, the President's "Regulatory Program" document notes that the present rule has given rise to "complex policy and legal questions". The issues are sensitive and no diminution of difficult questions can be reasonably expected.

As to how this rulemaking will affect the ALJ caseload and that of the Commission, if there is a substantial increase in requests for protective orders under the Hazard Communications Standards and a reduction of the permissible expposure limits for asbestos and ethylene dibromide, some increase in the time of case disposition could be experienced before the ALJs.

UNION CARBIDE CASE

Question: AS YOU WELL KNOW, UNION CARBIDE WILL APPEAL THE $1.4 MILLION FINE AND ACCOMPANYING SAFETY VIOLATIONS CITED BY THE DEPARTMENT OF LABOR FOR THE INSTITUTE, WEST VIRGINIA PLANT.

* HOW WILL THIS CASE IMPACT UPON THE COMMISSION'S RESOURCES?

* HOW MANY DAYS DO YOU ESTIMATE THAT IT WILL TAKE TO HEAR THE CASE AND RENDER A DECISION?

* HOW MANY FULL-TIME EQUIVALENTS (FTEs) WILL BE REQUIRED TO HANDLE THIS CASE?

* DOES YOUR FY 1987 BUDGET REQUEST ANTICIPATE AND PROVIDE FOR THE COSTS OF THIS CASE?

Answer : The contest notice in Union Carbide was received on April 22, 1986. No pleadings possibly defining the initial positions of the parties have been filed. Therefore, responses can be given only as general observations. Large cases frequently offer oppotunities for settlement of minor issues and concentration by the parties upon necessary litigation of only major issues. The financial resources of not only the adjudicating agency, but also the parties constitute a significant pressure to settle at least this much. It is also possible that many issues will require no hearing or can be disposed of by summary judgment or order because of the absence of any material question of fact. Severance of an extremely large case is also a possibility permitting more expeditious handling of more critical issues.

In the absence of pleadings (comnplaint and answers) we are unable to estimate the number of days of hearing will be required.

The case will be heard by one administrative law judge.

Our FY 1987 Budget request was made before the Union Carbide facility was investigated and citations issued. However, we do not anticipate that the case will strain our budget estimates.

ADMINISTRATIVE LAW JUDGE (ALJ) CASE WORKLOAD

Question: LAST YEAR YOU STREAMLINED THE COMMISSION'S FIELD OPERATIONS BY CONSOLIDATING SEVEN REGIONAL OFFICES INTO FOUR. IN ADDITION, YOU HAVE REDUCED YOUR FULL-TIME EQUIVALENT (FTE) FOR ADMINISTRATIVE LAW JUDGES (ALJs) FROM 38 IN FY 1985 TO THE CURRENT 28. YET, FOR FY 1987, YOU PROJECT AN INCREASE FROM 1,392 to 1,469 ADMINISTRATIVE LAW JUDGE DETERMINATIONS, OR 5.5 PERCENT.

* ARE YOU CURRENTLY UP TO YOUR FULL-TIME EQUIVALENT CEILING OF 28?

* IS THE PRODUCTIVITY OF YOUR ADMINISTRATIVE LAW JUDGES INCREASING?

* DO YOU THINK YOU WILL BE ABLE TO ACCOMPLISH YOUR GOALS WITH THE 28 FULL TIME EQUIVALENTS AND THE $2,090,000 THAT YOU HAVE REQUESTED FOR THIS FUNCTION?

Answer : The Administrative Law Judge Program is currently at its fulltime equivalent ceiling of 28. Concerning productivity, the average time of case disposition by ALJs in cases following full hearing in FY 1985 was 247 days, a one day increase in the average time of disposition in similar cases for FY 1984. However, there was a reduction of nine days in the average time of disposition of cases otherwise disposed of from 120 days in FY 1984 to 111 days in FY 1985. Moreover, we are currently experiencing a modest increase in average case production per judge. In March 1985 the average number of case dispositions per judge totalled 6.5 as contrasted with an average per judge in March 1986 of 7.3 cases.

As to whether the Commission will accomplish its goal with the requested resources, the answer is in the affirmative. We are encouraged by the reduction in the average time of case disposition in those cases in which no hearing was held. To encourage greater productivity in this line, the Commission is currently considering the possible adoption of a "settlement judge" rule, a procedure which has been successful in several states and at least one other agency in increasing case disposition efficiency.

COMMISSION REVIEW CASELOAD

Question: FOR FY 1986, THE CASELOAD FOR COMMISSION REVIEW IS ESTIMATED TO BE 148 CASES, INCLUDING 52 NEW CASES AND A BACKLOG OF 96 CASES FROM LAST YEAR. YOU FURTHER STATE IN YOUR JUSTIFICATION "THAT THE BACKLOG OF PENDING CASES WILL BE ELIMINATED BY THE END OF FY 1986." (p. 12) YOU FURTHER ESTIMATE THAT 85 CASES WILL BE DECIDED IN FY 1986.

* SINCE WE ARE HALF-WAY THROUGH THE FISCAL YEAR, HOW WELL ARE YOUR ESTIMATES HOLDING UP?

* WHAT IS THE TIME FRAME FOR A COMMISSION DECISION AFTER A CASE HAS BEEN DIRECTED FOR REVIEW?

* DO YOU THINK THERE WILL BE ANY CHANGE IN CASE DISPOSITIONS AND CASELOAD FOR FY 1987?

Answer : The estimate of 52 new cases for Commission review in FY 86 continues to be accurate. During the first half of FY 86, the Commission received 27 new cases on review at an average rate of 4.5 cases per month. At this rate, the Commission would receive 54 new cases in FY 86.

At present, the Commission has decided 38 cases in FY 86. We, therefore, have revised downward our estimate of the number of cases to be decided in FY 86 from 85 to 75. We attribute the slower start in FY 86 to the fact that the two Commission vacancies in FY 85 were filled by recess appointments in August of 1985. The time required for the two new Commissioners to become comfortable in their new positions and with Commission operations has extended well into FY 86.

Based on the revised estimates, we presently project a case inventory of 75 cases at the end of FY 86. At present, 87 cases are pending.

The average time between direction for review and decision in FY 84 was 888 days. In FY 85, the average time was reduced to 745 days. This year to date, we have further reduced the average to 614 days. It is our goal to reduce this amount to about 180 days by the end of FY 87. It must be kept in mind, however, that the averages are greatly inflated by the large number of old cases that have comprised the backlog of cases that the Commission has labored to reduce since the middle 1970's. In this regard, most cases that have come into the Commission more recently have been decided in much less than the average time. Thus, our goal to reduce the average disposition time to about 6 months reflects in large part the elimination of the old cases from the backlog.

At present, we estimate that the Commission will enter FY 87 with a case inventory of about 75 cases. We expect to receive about 60 new cases and hope to dispose of about 96. The Commission then would have 39 cases pending at the end of FY 87. It should be noted, however, that the term of Commissioner Wall expires at the end of April 1987. Commissioner Rader, who is serving on a recess appointment, has not yet been confirmed. Therefore, the estimates of Commission dispositions for the second half of FY 87 are subject to substantial uncertainty.

COMMISSIONERS

Question: THE OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION IS PROVIDED THREE COMMISSIONERS BY LAW. I ALSO UNDERSTAND THAT THE VOTES OF TWO COMMISSIONERS ARE REQUIRED TO TAKE OFFICIAL ACTION.

- HOW MANY COMMISSIONERS ARE CURRENTLY SITTING ON THE COMMISSION? (3)
- HOW LONG DO YOU ANTICIPATE HAVING A COMPLETE WORKING COMMISSION? (THROUGH APRIL, 1987)
- APPROXIMATELY HOW LONG DOES THE NOMINATION PROCESS FOR A NEW COMMISSIONER TAKE? (4-6 months)

Answer : There are three incumbent Commissioners, including myself, serving as Chairman and commissioners John Wall and Robert Rader.

My term ends in April of 1989.

Mr. Wall's term expires in April of 1987.

Mr. Rader currently serves as a recess appointee. He has been nominated by the President for a regular term, and is awaiting Senate confirmation. His recess appointment expires when the 99th Congress adjourns.

The nomination process which includes selection, recruitment, background checks and clearances can take several months. Once nominated, Senate confirmation can take as long or longer.

OSHRC -- Timeframe for Commission decisions

Question: Last year we were told that elapsed time between the direction for review by the Commission and the issuance of a decision was 29 months in FY 1984 and 26 months through the early part of of 1985. In your prepared testimony you talk of reducing your timeframe to four to six months. I assume you've made some progress toward that goal. What's your current timeframe for issuing decisions?

Answer : The first half of FY 1986 the average age of pending cases at the end of FY 1985 was about 27 months. At the end of the first half of FY 1986, the figure had been reduced to about 21 months.

OSHRC -- Transfering Personnel

Question:	Chairman Buckley, last year in a response for the hearing record you told us you intended to begin the transfer of personnel from Commissioner's offices to the Office of General Counsel once your new Commissioners became acclimated to their duties. Have you begun this personnel transfer?
Answer :	Yes. Transfer of one attorney from each of the three Commissioners' Offices to the General Counsel's Office was completed on January 28, 1986. Each Commissioner's Office now consists of a Chief Counsel, Attorney-Advisor, Confidential Assistant, and a Secretary-Typist.

FEDERAL MEDIATION AND CONCILIATION SERVICE

STATEMENT OF KAY McMURRAY, DIRECTOR

ACCOMPANIED BY:
DUANE BUCKMASTER, DEPUTY DIRECTOR
MARY P. DURKIN, BUDGET OFFICER

OPENING REMARKS

Senator PROXMIRE. Our next witness is Mr. Kay McMurray, the Director of the Federal Mediation and Conciliation Service [FMCS]. I understand that you are accompanied by Mary Durkin, your budget officer, and Mr. Buckmaster, the Deputy Director.

Mr. MCMURRAY. Thank you, Mr. Chairman.

I would like to point out to you, Mr. Chairman, that Mary is the granddaughter of Mr. Martin Durkin, the democratic Secretary of Labor under President Eisenhower. She comes from a long background of political figures.

Mr. Buckmaster comes from United Airlines, where he served as senior vice president of industrial relations. After he took early retirement, he decided to come and help us out.

Senator PROXMIRE. Now I can understand why Ms. Durkin is so good looking.

Go right ahead.

Mr. MCMURRAY. The full presentation will be introduced in the record, and I won't need to deal with that. I will just make a few comments if that is all right with you.

Anybody who appears before a senatorial committee feels a little bit nervous, but I have to overlook this because it is with some pleasure that in spite of Gramm-Rudman, and everything, we have been able to complete our mission in a pretty good fashion.

Senator PROXMIRE. I hope that you can say that next year when Gramm-Rudman bites.

Mr. MCMURRAY. In short, we are asking for $23,220,000. In addition, we are asking for a supplemental amount of $268,000 for this year in order to transfer some of the mediators that we need to move. The 1987 request is approximately $200,000 less than what Congress authorized in 1986 for us. The first round of Gramm-Rudman cuts reduced the enacted amount by $1,006,000. The 1987 request is approximately $500,000 over our current budget position, after Gramm-Rudman, if we get the supplemental.

As I have already described, we have been able to perform our mission efficiently. We handled 31,982 dispute assignments and closed 8,019 active cases last year. We are stretched pretty thin now, and we are hopeful that you will be able to help us.

PREPARED STATEMENT

We will be happy to answer any questions you have.

[The statement follows:]

STATEMENT OF KAY MCMURRAY

I appreciate the opportunity to meet with this Subcommittee and to present our budget requirements for fiscal year 1986, in the form of a Supplemental Request, and for fiscal year 1987.

As the title indicates, the Federal Mediation and Conciliation Service is a "service" agency. Our mission is to prevent or minimize work stoppages in the private and public sectors of the Nation, except in the railroad and airline industries. The primary responsibility for the settlement of labor-management disputes in the United States rests with the parties to collective bargaining agreements with FMCS providing assistance when the parties' efforts for settlement have been exhausted, through programs such as Dispute Mediation, Preventive Mediation, Arbitration Services, and the Labor-Management Cooperation Project.

Dispute Mediation

In fiscal year 1987 dispute mediation efforts will correspond directly to contract expirations and new bargaining situations. Major contracts will expire in the auto and transportation, aerospace, food and hotel, construction, mining, longshore, health care, publishing, motion picture and telecommunications industries. Numerous other negotiations will be heavily influenced by the settlements reached in these pattern-setting negotiations. Federal mediators are expected to be involved in 31,700 dispute mediation assignments.

Preventive Mediation

Our Preventive Mediation program is specifically aimed at improving the basic employer-union relationship during non-crisis periods in the interest of avoiding future disputes. Preventive Mediation activities include our Relations-by-Objectives programs, labor-management committee work, training of foremen and union stewards, and other constructive activities. We expect to handle 1,000 Preventive Mediation cases in fiscal year 1987.

Arbitration

Arbitration is almost universally used to resolve labor disputes arising out of the interpretation of collective bargaining contracts. In addition, arbitration is increasingly used as a substitute for strikes or as a method of resolving impasses in contract negotiations. The Service provides lists of experienced qualified arbitrators to requesting labor-management parties, and the parties then select an arbitrator to hear and decide their dispute. In fiscal year 1987 we estimate that 34,000 arbitration panels will be submitted to the parties.

Labor-Management Cooperation Project

In recent years, FMCS has administered the Labor-Management Cooperation Project. Under this Project grants were given to selected labor-management committees. The grant funds were used to pay for the establishment or expansion of committees in the area, plant, industry, and public sector categories. No funds for this program are requested in fiscal year 1987.

Program Effectiveness

Resourceful mediation is needed more now than at any time in our collective bargaining history, and the need will not diminish. While in recent years we have seen fewer strikes, those that have occurred have been protracted. Phelps Dodge and Hormel Meatpacking are just two examples. There are literally hundreds of cases where the use of mediation has averted a strike or where the length of a strike has been minimized. We make no apologies to the taxpayers for the costs of our small agency.

Without boasting, I can assure you that we are doing more with less every day. There are fewer mediators now than at any time in our history (since 1947!), and yet we are handling all disputes in need of mediation. We will continue to do our part, but adequate staffing and funding must be provided.

Resource Requirements

The appropriation request for 1987 is $23,220,000 and 341 full-time equivalent positions. In addition, for 1986 we are requesting $268,000 in supplemental funds.

Supplemental Request

The supplemental funds are needed for fifteen official station transfers. We have found that with substantially fewer mediators, vacancies become more critical, and prompt action to fill vacancies is essential. Federal allowances for reimbursement of transfer expenses were increased substantially, and the average cost of an FMCS transfer has increased dramatically. Full justification for these funds can be found in the Fiscal Year 1986 Supplemental Request, which has been provided to all members of the Subcommittee.

Conclusion

It is important to emphasize that these budget requests are austere and are in keeping with the Administration's efforts to reduce government spending while maintaining essential services.

I have presented only a brief summary of our activity. I hope that you will have an opportunity to examine our detailed appropriations request, and I will be glad to answer any questions you may have.

PUBLIC INFORMATION CASES

Senator PROXMIRE. You project an increase in public information and educational activities in fiscal year 1987 from the post-Gramm-Rudman-Hollings 1986 level. Who pays for your staff to give lectures and to attend these seminars?

Mr. MCMURRAY. We do. Under existing legislation, Senator Proxmire, we are precluded from charging people—we cannot charge people who use our services. People will offer to pay me to come out and make a speech, but I can't take the money. So we pay for it out of our budget.

Senator PROXMIRE. That is probably a pretty good provision.

Almost all Federal agencies are cutting back on their travel and meeting funds. Unless your agency is being reimbursed, shouldn't the Federal Mediation and Conciliation Service follow suit?

Mr. MCMURRAY. We have. This year we have been able to cut back on our travel by almost 20 percent.

Senator PROXMIRE. But you project an increase in your public information and educational activities for 1987. That is unusual because most activities are being cut back in 1987. Fiscal year 1987, presumably, is the year when the deficit will be driven down.

Ms. DURKIN. With our public information cases, we talk to groups, letting them know what FMCS is doing in the arbitration and mediation fields. We have done studies, and these are very low-cost items. So even though there is an increase in 1987 over the 1986 Gramm-Rudman level, it will not impact funding in any significant way.

Senator PROXMIRE. How great will the increase be?

Ms. DURKIN. The cost of public information cases is part of the total mediation package. It is part of what we call total mediation services.

Senator PROXMIRE. Don't you have to make some assumptions as to what those costs are?

Ms. DURKIN. We can make some assumptions as a percentage of caseload, or we can start tracking those costs.

Mr. MCMURRAY. In public information and preventive mediation, we plow ahead of the dispute, and by doing so, we are able to settle a lot of disputes before they ever become critical. It is one of our chief functions, and public information is part of that process. Traditionally public information cases have been slightly over 8 percent of our workload.

Senator PROXMIRE. How much would that be this year?

Mr. MCMURRAY. In 1986, as a result of the Gramm-Rudman reduction, we expect public information cases to be slightly over 5 percent of workload. In 1987 we expect a resumption of the traditional level. Because of my experience in this field, I am a great believer in working ahead of the dispute.

Senator PROXMIRE. I like the idea of prevention. Whether it is in health or otherwise, an ounce of prevention is worth 1 pound of cure. But we are in a year when we are cutting everything, even the best kind of programs. We are cutting education. We are cutting environmental protection. Spending cuts are just a fact of life, whether you approve of them or not, they are just being made.

Mr. MCMURRAY. We are cutting our travel money by 20 percent.

Senator PROXMIRE. Yes, indeed, but you are increasing your program of public information and educational activities.

Mr. MCMURRAY. It is a reallocation of our assets to where we think they will do the most good, I think this is the best way to answer that.

Senator PROXMIRE. Unfortunately, I have to go to the floor. Would you do this. For the record, will you give us about a one page memo justifying as specifically as you can the increased percentage of your budget that is going to be spent on public information and educational activities?

Mr. MCMURRAY. Yes; we will.

Senator PROXMIRE. From what you have told me, and I am very convinced by your sincerity, this is probably going to be a good investment, but there is a tendency, when people want more money, and don't know how to justify it, to say that these are information and educational activities.

Mr. McMurray. We will be glad to.

[The information follows:]

Explanation of Public Information [PI]

The impact of public information work on agency expenses will be slight, because of the nature of the PI cases we engage in and the methods through which this work is carried out. This can best be explained by describing two PI cases which are typical.

EXAMPLE

A management representative of a paint manufacturing company in Chicago contacted the FMCS district director in that city. He stated that his company was to be host for representatives of several chemical and paint companies at a meeting on a specified date. He asked if FMCS could supply a mediator to make a presentation to the group on current trends in collective bargaining and on the role of the mediator in dispute resolution processes. The district director checked the work schedule for the date specified and indicated to the caller that a mediator could be available within a specified time slot during the day under discussion, and the caller indicated that the agenda could be adjusted to fit that time period. On that basis, it was agreed that the mediator would make the presentation.

This is virtually a no-cost situation. The location of the case is in the mediator's home city, and the mediator's work schedule could accommodate the work.

EXAMPLE

A university located in a suburb of a large city has a course of study at the graduate level in industrial relations. There are evening classes. The university schedules occasional guest lecturers for these evening classes. Typically, in each semester the university attempts to schedule a Federal mediator as guest lecturer for one class period. This is worked out between the university and the FMCS office in the adjacent city. This after-hours work is not compensated because there is no overtime pay for mediators. Normally, the only cost involved is reimbursement of mileage costs for use of the mediator's private automobile.

The following ground rules apply when we consider whether or not to undertake a PI assignment:

- —We do not set aside higher priority work in order to handle PI work. If something has to give, it is the PI that gives.
- —Except in very unusual and infrequent cases, we do not perform PI assignments which would require reimbursement of overnight expenses or other significant travel costs.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator Proxmire. Thank you. There will be some additional committee questions for the record.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

Questions Submitted by the Subcommittee

ORIGINAL BUDGET REQUEST

Question. What was the original budget request you submitted to OMB?

Answer. The submission to OMB for FY 1987 included a request for $26,301,000.

SUPPLEMENTAL REQUEST

Question. Mr. McMurray, you are requesting a $268,000 supplemental for FY 1986. You state that the increase is for 15 additional mediator station transfers.

Why are you transferring the mediators?

Answer. There are basically two reasons for transferring mediators. The primary reason is attrition. We have a large number of mediators who are eligible for retirement, and each year some do decide to retire. There is also some attrition as a result of the death of active mediators. The second reason is geographical shifts in workload. If we detect a significant decrease or increase in mediation work in an area of the country over a period of several years, we may transfer mediators to maintain a high level of efficiency.

In all cases, before transferring mediators, we analyze the pros and cons of all alternatives.

Question. Would it be more cost effective and less disruptive to their families to fly staff to areas where and when they are needed?

Answer. In some cases it is more cost effective to cover the work through mediator travel from other field stations. We have developed and are using a simulation model which enables us to cost out various ways the work could be performed, and to determine the effect on mediator utilization of each alternative.

Question. The supplemental request breaks out to approximately $17,800/per transfer. What costs are involved in this amount?

Answer. Costs include reimbursement for fees associated with the sale of residences, purchase of residences, transportation of persons, movement of household goods, storage, and income tax reimbursements.

Question. With 50 mediators eligible for retirement, how much more transferring of staff do you foresee over the next couple of years?

Answer. This is difficult to estimate, because there are so many variables. We certainly intend to avoid transfers in any cases where economical alternatives can be found, not only because of the very high costs involved in moves but also because of the disruptive effects on mediators and their families. We have requested funds for 20 transfers in 1987 at an average cost of $17,800.

WORKLOAD PROJECTIONS

Question. In looking at your workload estimate for FY 1987, it appears that the number of cases mediated and arbitrated will hold steady from the pre-Gramm-Rudman-Hollings level for FY 1986. However, your budget request for $23,220,000 is $174,000 less than the FY 1986 enacted (pre-Gramm-Rudman-Hollings).

How many mediators are currently on board at this time?

Answer. As of April 22, there were 215 field mediators on board.

Question. Has the productivity of your mediators increased?

Answer. Yes, we have had a considerable increase in mediator productivity in terms of active dispute cases closed per mediator. By this measure, our productivity improved by 8.9% in the first half of FY 86 compared to the same period in FY 85.

Question. Do you think the budget request is sufficient to meet the goals of your agency?

Answer. Yes, we do.

LABOR-MANAGEMENT COOPERATION PROJECT

Question. Since FY 1981, the Labor-Management Cooperation Project has provided grants to establish or support joint labor-management committees in the area, plant, industry, and public sector categories. Last year, $1.1 million was provided for this activity. This year no funds are requested. I know that this is a popular program with Congress. It seems that the Administration has returned to its old ways.

How well has the Labor-Management Cooperation Project been working?

Answer. We are satisfied that the projects have generally met their goals and objectives. It is interesting to note that about 90% of the projects that have completed their FMCS-funded terms are still being supported by state or local funds.

Question. Why haven't you requested any funds for FY 1987?

Answer. The Administration strongly supports and encourages labor-management cooperation and believes that labor-management committees can be worthwhile if they are jointly planned and supported; however, it believes that the private sector can and should fund these labor-management committees.

Question. What would be a sufficient amount to continue the program at its current level?

Answer. A sufficient amount would be $1.1 million.

Question. Would you require any additional full-time equivalent (FTE) positions to continue the program?

Answer. We would need the three full-time equivalent positions that are now assigned to the Labor Management Cooperation Project.

TRAINING SEMINARS

Question. In your FY 1987 budget, you are requesting $240,000 for a national training seminar.

Since you held a similar seminar in FY 1985, why are you holding another seminar so soon?

Answer. The seminar is an ideal opportunity for every attending FMCS employee to be trained. Those individuals who conduct interactive workshops learn from the mediators who attend them. The format of the workshop provides for a free flowing exchange of ideas among the attendees. It also facilitates the bridging of the gap between the headquarters and field organization. We get to know the individuals involved in policy-making as well as those who must implement those policies. When the "we's" get to know the "they's," stereotypes are shed, ideas are exchanged, and productivity and morale improve.

Question. Who will be trained at the seminar?

Answer. As in the past, all FMCS mediators are encouraged to attend, as well as all national office and regional managers. Every attendee comes away with increased knowledge about our problems, common goals, and new techniques, trends, and processes in the field of labor-management relations.

Additionally, we invite various state mediation agencies, labor correspondents, and professional organizations to send representatives to attend (they must cover their own costs). Thus, we extend a helping hand to other organizations in the field to share in our knowledge and to contribute their knowledge and skills as well.

Question. How many mediators will participate?

Answer. All field mediators will participate, and we are requesting 222 mediator positions in 1987.

PUBLIC INFORMATION AND EDUCATIONAL ACTIVITIES

Question. You project an increase in your public information and educational activities for FY 1987 from the post-Gramm-Rudman-Hollings FY 1986 level.

Who pays for your staff to give these lectures and to attend these seminars?

Answer. Funding is provided in our appropriation.

Question. Almost all federal agencies are cutting back on their travel and meeting funds. Unless your agency is being reimbursed, shouldn't the Federal Mediation and Conciliation Service follow suit?

Answer. While there will be significantly fewer public information cases in 1986, as a result of the Gramm-Rudman-Hollings reductions, we expect the normal workload for public information (pre-1986) to be resumed in 1987. Public information cases are all low-cost and a resumption of normal case levels will not require a large increase in funding. Examples of public information cases and their cost implications are contained in the insert to our testimony.

DISPUTE MEDIATION

Question. If I interpret your workload and full-time equivalent data correctly, most of the Federal Mediation and Conciliation Service's resources are spent for dispute mediation.

Shouldn't the number of such cases decline given the significant decline in the number of unsettled disputes in the United States?

Answer. We assume that you are referring to the downward trend in the number of work stoppages when you refer to the number of unsettled disputes. This is not a good indicator of the amount of mediation needed. Based on our best forecasts we expect an increase in dispute mediation in FY 86 over FY 85, and we see no reason to expect a reduction in FY 87.

PREVENTIVE MEDIATION

Question. For FY 1987 you estimate that 1,000 preventive mediation cases will be assigned and completed.

What is the purpose of "preventive" mediation?

Answer. Preventive mediation activities seek to reduce misunderstandings and non-productive conflict, and to improve communication and problem-solving. Preventive mediation addresses two key elements of the FMCS Mission statement:

> Promoting the development of sound and stable labor-management relationships, and
>
> Fostering constructive joint relationships of labor and management leaders to increase their mutual understanding and ability to resolve common problems.

The objectives are to create a working relationship conducive to the peaceful settlement of labor agreements at the time of contract expiration, to provide means for effective administration of the agreement during its term, and to develop effective structures for dealing with matters which impact on labor-management relationships. Thus, preventive mediation can be likened to preventive medicine in the health care area or to preventive maintenance in technical fields.

Question. What does mediation accomplish in these cases?

Answer. The role of the mediator in these cases is to encourage labor and management to focus on the process of problem-solving and conflict resolution in advance of an actual contract termination. Once the parties have established effective communication and problem resolution processes, then when contract negotiations begin, the talks can be free of nagging emotional issues that have previously bogged down negotiations to the extent that extended work stoppages have occurred. After a preventive mediation program is established in an organization, productive negotiations can often take place without costly work stoppages.

This type of "preventive mediation" is important to our entire economy in times of increased international competition. Work stoppages can risk the health of an individual organization, an industry, and the economy of a community.

EMPLOYMENT BEYOND CONTRACT EXPIRATION

Question. Workers have increasingly decided to stay on the job after a contract has expired.

To what do you attribute this?

Answer. This is occurring for two reasons. First, union leaders and workers have seen a great deal of unemployment in recent years, and have recognized the very real difficulty some companies are facing to stay in business. Where they believe that increased employment costs might result in bankruptcy or the closing of plants, they are motivated to be willing to continue to work under the old agreement. A second reason is the availability, in many cases, of an unemployed or under-employed supply of labor in the area, and some employers have indicated their ability and willingness to withstand a strike by hiring replacement workers and continuing operations. Obviously, such a circumstance can be a powerful disincentive to a "hard-nosed" approach on the part of the union.

Question. Has FMCS had any influence on this decision?

Answer. Our mediators probably do influence this decision in some cases, at least indirectly, to the extent that the mediator is able to facilitate improved communication and understanding between the parties.

COLLECTIVE BARGAINING

Question. Do you see the issues in collective bargaining changing? Have wage increases been traded for job security, better fringe benefits, or other concerns of the workers?

Answer. We do see some changes, in that trade-offs are being made along the lines suggested by the question. Employment security continues to be a major concern of union leaders and workers, and there is, in many cases, a willingness to grant pay freezes or other concessions in order to gain improved security provisions in agreements.

STRIKE ACTIVITY

Question. Last year all measures of major strike activity hit record low levels. Nevertheless, some significant strikes, such as the one against Chrysler, took place. It appears to me that the decision to strike is closely tied to the economic health of the industry involved.

Do you agree?

Answer. Yes, I'm sure this is true. As company profits improve and business prospects brighten, workers' expectations with respect to wages and benefits increase. At the same time, fears that a strike might destroy the enterprise decrease. Under these circumstances, the probabilities of strikes increase, just as these probabilities decrease when the opposite conditions exist.

QUESTIONS SUBMITTED BY SENATOR WILLIAM PROXMIRE

TRAINING SEMINARS

Question. Page 39 of the justifications touches briefly on a national training seminar held by the Service last year. What was the total cost of this activity?

Answer. The National Training Seminar conducted in Fiscal Year 1985 cost $165,299.

Question. Where was it held?

Answer. It was held in New Orleans, Louisiana.

Question. What's the reason for the seminar?

Answer. The mediators of FMCS are professional knowledge workers who require updating as to new trends and techniques to keep current with the state-of-the-art, new developments in labor law, as well as the current objectives and initiatives of the agency.

Many of our mediators are stationed in cities around the country where they serve in one- or two-person offices without the benefit of professional interaction with their peers.

A National Training Seminar provides an opportunity for an exchange of ideas, techniques, and trends. This is most beneficial when done on a regular basis. We have determined that every other year is the appropriate frequency.

Individuals who have developed expertise in particular areas of mediation work are able to share their knowledge and serve as a resource once everyone is back at home and a similar situation occurs. A mediator knows whom to call for help and can anticipate the type of assistance available.

Question. Why do you think a follow-up seminar is necessary next year?

Answer. We do not view the 1987 Seminar as a follow-up. We see it as another one of a regular series of such meetings which provide opportunities to update professional skills and knowledge.

Question. How much are you requesting for this?

Answer. We are requesting $240,000.

Question. Tell us how the training seminar has improved the Service's productivity over the past year.

Answer. Mediator productivity has increased since last year. The improvement in the first half of FY 86 is 8.9% as measured by the number of active dispute cases closed per mediator compared to the same period in FY 85. As to how much of this improvement is directly traceable to the training seminar in March of 1985, any figure would be speculative. We do believe, however, that an intensive learning experience of this kind can increase both the quantity and the quality of work performed by our mediators.

PREVENTIVE MEDIATION

Question. Mr. McMurray, your statement indicates that the Service expects to handle 1,000 preventive mediation cases next year. How does that compare with the number of cases handled during the current year?

Answer. Under the revised 1986 budget, we expect to handle 850 preventive mediation cases.

Question. How did you arrive at the 1,000 figure?

Answer. The figure is an estimate based on our belief that the need for preventive mediation will increase as both management and labor increasingly recognize a need for improved relationships.

Question. How much is included in the budget request for preventive mediation?

Answer. Over the last ten months, 11% of field travel funds were spent on preventive mediation, and during FY 85 10% of active cases closed were preventive mediation cases. We expect this trend to continue in 1987.

FUNDING FOR EQUIPMENT

Question. The justifications reflect an increase next year of $85,000 under your equipment costs, Mr. McMurray. Is this to offset the March 1st sequester reduction?

Answer. It is a partial offset, but the majority of the request is for much needed equipment that is in the Automated Data Processing, audio-visual, and reproduction equipment areas.

AUTOMATED DATA PROCESSING

Question. How much is included in the request for data processing systems?

Answer. We are asking for $68,000 for Automated Data Processing equipment.

Question. How does this compare with the current level of support?

Answer. Under the revised 1986 budget there is only $21,000 for Automated Data Processing equipment.

HEALTH CARE COLLECTIVE BARGAINING

Question. What do you see as trends in bargaining in the health care industry?

Answer. Health care facilities are under continuing pressure to reduce costs as a result of increasing cost-consciousness among third-party payers, employer/union groups as well as changes in Medicare provisions and such new forms of competition as out-patient facilities. Because labor costs constituted 57.2% of total costs in 1983, the industry has concentrated in that area, among others, and by 1985 had reduced labor costs to 55.7% mainly by staff reductions and layoffs.

Unions are increasing their organizing and bargaining efforts both because of the opportunities in the industry created by major restructuring and in response to requests from currently unorganized workers. The industry is currently about 20% organized. New organizing efforts are being more carefully targeted, taking into acccount institutions and composition of potential bargaining units, resulting in greater election success rates (74%) than is being experienced by unions generally (less than 50%).

Bargaining issues frequently include cost reduction efforts by management in addition to traditional bargaining subjects such as wages. Issues now appearing more frequently at the bargaining table include patient ratios, medical staff responsibilities, comparable worth, technological displacement and re-training, layoffs, staff reductions, and productivity. Both in labor-management relations and intra-staff disputes, a growing concern for quality of patient care is both an issue in itself, as well as a vehicle for other issues such as working conditions.

The outlook is for more extensive and coordinated union organizing campaigns. As the health care industry consolidates, there will be still more opportunities for more organizing and expanded bargaining.

RECENT NEGOTIATIONS

Question. How would you characterize the negotiations in which the Service has been involved over the past year? Are employers restoring certain pay and benefit provisions?

Answer. Trends in the negotiations in which FMCS mediators have been involved during the past year appear to be a continuation of bargaining of the past several years.

The restoration of earlier concessions made by employee bargaining units in recent negotiations has not been noticeable. Wage settlements continue to be modest. In 1985 settlements in major contracts covering 1,000 or more workers averaged 2.7%.

Concessionary bargaining, although declining somewhat in some geographical areas, continues to be a major bargaining issue in many negotiations. However, unions are becoming more militant and increasingly resistant to concessionary demands.

Employer demands for two-tier wage systems and/or lump sum bonuses in lieu of wage rate increases continue to be major issues in many of these negotiations. In 1985, 11% of all settlements, except those in construction, included a two-tier wage provision. That compares to 8% in 1984.

TRENDS IN BARGAINING

Question. What do you predict the trend will be in the coming year?

Answer. We see a continuation of employer efforts to install or continue two-tier wage systems, to substitute lump sum bonuses for hourly wage-rate increases, and to reduce employment costs of health care by passing more of the premium through to employees. On the other hand, we expect that unions will become increasingly resistant to these efforts, and to make strong stands in their efforts to restore regular wage rate increases, etc. We believe that there will be an increase in strikes, but not a major increase. We will, of course, try very hard to prevent any increase.

Question. What percentage of cases mediated by the Service involved situations with work stoppages?

Answer. In 1985, 4.4% of active cases closed involved work stoppages.

Question. There's been a downward trend in strikes over the past few years. Do you believe this will continue?

Answer. We see the trend leveling off this year, with a moderate increase in FY 87, but our mediators will do their best to prove I'm wrong on this point.

FEDERAL SECTOR WORKLOAD

Question. Mr. McMurray, you mentioned last year that your workload in the Federal Sector had increased. What percentage of your caseload came from this area last year?

Answer. In FY 1985, 4% of our dispute mediation workload was in the Federal Sector.

STATE MEDIATION AGENCIES

Question. I understand 25 States now have their own mediation agencies. What impact does this have on your public sector workload?

Answer. FMCS public sector mediation reached 5% of active cases in FY 85. FMCS does not provide mediation assistance in those states which provide full mediation services. However, FMCS does respond to requests from public sector parties in those states where mediation services are not available. FMCS is, therefore, active in states with public sector bargaining laws and limited mediation services (e.g., limited to teacher disputes) or where no mediation services are available. FMCS also responds to requests from parties in states where no public sector bargaining law exists.

SUBCOMMITTEE RECESS

Senator PROXMIRE. Thank you very much. The subcommittee will stand in recess until tomorrow, Wednesday, April 23, at 9:30, when we meet again here in SD–116. At that time, we will hear from the remaining related agencies.

Thank you very much.

[Whereupon, at 11:45 a.m., Tuesday, April 22, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, April 23.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

WEDNESDAY, APRIL 23, 1986

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, DC.

The subcommittee met at 9:30 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Specter, Proxmire, and Harkin.

ACTION

STATEMENT OF DONNA ALVARADO, DIRECTOR (DOMESTIC PROGRAMS)

ACCOMPANIED BY:
RICHARD VENTURA, DEPUTY DIRECTOR
DAN BONNER, ASSOCIATE DIRECTOR FOR DOMESTIC OPERATIONS
LOWELL GENEBACH, DIRECTOR OF THE BUDGET

PREPARED STATEMENT

Senator Weicker. The subcommittee will come to order.

Today we continue our hearings on the administration's budget request for related agencies. Our first witness is Ms. Donna Alvarado, the Director of ACTION. Donna, it is good to have you here. I usually don't see Donna early in the morning. It is usually her sister Sue I play tennis with after 7:30 in the morning. I can't say I would rather be doing this than playing tennis. In any event, it is nice to have you here. Why don't you introduce your colleagues? Your statement in its entirety will be included the record at this point. You might want to go ahead and summarize, and we will get to questions.

[The statement follows:]

STATEMENT OF DONNA ALVARADO

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you today to present the President's FY 1987 appropriations request for ACTION. The Administration is requesting $149,865,000 for 1987 to fulfill its responsibilities under the Domestic Volunteer Service Act of 1973, as amended. These resources will be devoted to fulfilling the Agency's mission of fostering and expanding voluntary citizen service; developing and sustaining standards of excellence in ACTION's programs; encouraging public/private sector partnerships; and stimulating voluntarism in conjunction with other Federal agencies.

This appropriation request is $5,083,000 more than the level at which the Agency is operating during FY 1986. The request represents virtually level funding for all programs from the 1986 pre-sequestration appropriations.

Despite the effects in 1986 of the Gramm-Rudman-Hollings Deficit Reduction Act, we are at this time maintaining volunteer levels in both the Older American Volunteer Program and VISTA. Estimated performance is expected to increase in 1987 in almost every program category.

I would like to share with the Subcommittee the accomplishments of our programs over the past year and our plans for 1987.

VOLUNTEERS IN SERVICE TO AMERICA

VISTA, Volunteers in Service to America, ACTION's oldest program, has worked to alleviate poverty in America since 1964 by helping low-income individuals achieve self-sufficiency. VISTA volunteers are assigned to public and private non-profit organizations throughout the United States. In fiscal year

1985, VISTA contributed 2,200 volunteer service years to more than 500 communities. The President's request for 1987 is $17.890 million and will support at least 2,200 volunteer service years.

VISTA volunteers live and work among the poor. More than half the VISTA programs are youth-oriented, addressing problems such as drug abuse, illiteracy, unemployment, hunger, runaways, and child abuse.

Volunteers are also active in neighborhood revitalization, economic development, refugee settlement, shelters for the homeless and food banks.

SERVICE LEARNING AND DEMONSTRATION PROGRAMS

The President's 1987 budget includes $1.368 million for Service Learning Programs and $1.801 million for Voluntary Citizen Participation and Volunteer Demonstration Programs.

One of ACTION's principal objectives in expanding voluntarism in the U.S. is to develop a greater commitment on the part of American youngsters to our democratic and free society. Every citizen - young and old - should have the opportunity to contribute time and talent to their communities and the nation. ACTION continues to work with business and corporate communities to increase their partnerships with young people.

ACTION's National Center for Service Learning provides training, resources, and technical assistance to high school, college and community organizations that develop service-learning volunteer programs. The Center also provides assistance to existing local volunteer programs.

ACTION also funds efforts by Big Brothers/Big Sisters to widen the scope of their well-established program.

The Young Volunteers in ACTION program was developed by ACTION in 1981 as a model for students aged 14 to 22. Volunteers gain leadership skills as they serve in community projects. As of this fiscal year, students have gained more than 1.5 million hours of service in 43 projects.

ACTION's demonstration grants have enabled communities to test and replicate innovative approaches to solving such chronic social problems as drug abuse, unemployment, and the needs of at-risk youth by developing effective volunteer efforts.

The State Office of Voluntary Citizen Participation program was created in 1974. Since that date, forty-five states and Puerto Rico have received grants to establish offices within the offices of the governors, to support state and local volunteer programs. The offices offer numerous services including technical assistance, training, materials, and conferences. The program is so successful that 27 of the offices are operating independently, while seven currently receive ACTION funding.

OLDER AMERICAN VOLUNTEER PROGRAMS

The Administration's 1987 request for all Older American Volunteer Programs is $103.806 million. This represents a $4.464 million increase from the current operating budget.

In FY 1985, hundreds of thousands of retired Americans served their communities through our three Older American Volunteer Programs -- the Retired Senior Volunteer, Foster Grandparent and Senior Companion Programs. These programs represent the most innovative, cost-effective and promising means we have of putting the experience of older citizens to work for America.

FOSTER GRANDPARENT PROGRAM

The President has requested $56.1 million for the Foster Grandparent program for 1987. This level will support at least 18,775 volunteers.

Since 1965 the Foster Grandparent Program has matched low-income seniors with children who have special or exceptional needs. Foster Grandparent volunteers work in schools for mentally retarded, disturbed, and learning-disabled children; in Head Start Programs; in juvenile detention centers; in boarding schools and foster care homes and in the homes of individual children.

Last year, 23,400 Foster Grandparents worked in 259 community-based projects. Another 400 volunteered in 10 non-ACTION funded projects. On a typical day, approximately 66,000 children were served.

The essence of the Foster Grandparent Program is direct, person-to-person relationships with the children served. Rewarding social, psychological, and educational benefits are gained by both the Foster Grandparent and the child. Last year we funded five new projects and expanded 23 existing projects.

SENIOR COMPANION PROGRAM

The President's 1987 budget includes $18.086 million for the Senior Companion Program. This level will support at least 6,200 volunteers.

In fiscal year 1986, an estimated 6,200 Senior Companions in 112 projects, including 900 volunteers in 16 non-ACTION funded projects, will serve some 24,000 persons in the fifty states, the District of Columbia, and Puerto Rico.

The homebound elderly provisions, included in the 1984 Amendments to the Senior Companion Program, enabled us to add 10 - 15 volunteer service years to 17 existing projects, providing a total of 189 volunteer service years. In addition, 19 new projects, ranging from 21 to 65 volunteer service years each, were awarded for an eventual total of 847 volunteer service years.

Senior Companions are providing a great service. For example, in West Haven, Connecticut, a Senior Companion has been serving an elderly invalid woman, who suffers from frequent disorientation. The Senior Companion has been very successful in communicating with her and alleviating the disorientation. When the family of the invalid woman planned a trip to Washington, D.C., they took the volunteer along to assist their mother, and to show their appreciation to the Senior Companion.

We have also awarded a contract to design and implement a comprehensive evaluation of the five areas specified in the law.

RETIRED SENIOR VOLUNTEER PROGRAM

The President has requested $29.620 million for the Retired Senior Volunteer Program for 1987, which will support at least 365,000 volunteers.

The Retired Senior Volunteer Program, ACTION's largest program, currently sponsors 365,000 part-time, non-stipended volunteers aged 60 and over. RSVP volunteers contribute to the community in many ways -- serving youth, operating runaway-shelters and emergency food banks, organizing support groups and offering occupational counseling to juvenile offenders. In fiscal year 1985, these dynamic older Americans performed more than 68,000,000 hours of voluntary citizen service.

We are expanding RSVP activities in literacy, crime prevention, in-home care, youth counseling, consumer education, and drug abuse projects. In fiscal year 1985, 38,500 RSVP volunteers were involved in home health care activities. By the end of this fiscal year, the number of volunteers involved will increase to more than 48,000. RSVP will become increasingly involved in home health care.

RSVP volunteers also serve as members of support groups to victims of stroke, heart attack, alcohol and drug abuse. The additional $1.8 million appropriation received in Fiscal Year 1985 for RSVP created 28 new projects and expanded the activities of 191 existing projects. We expect 18,000 new volunteers to provide service that otherwise would not have existed.

ACTION set aside $100,000 of the expansion funds for a special adult-literacy effort in partnership with Laubach Literacy, B. Dalton Bookseller, Inc., and the National RSVP Project Directors' Association. Laubach has made 23 small literacy incentive awards to RSVP projects for a one-year period begun in October, 1985. It is providing technical assistance to all RSVP projects involved in this important area. We are optimistic that this literacy initiative will become a model for future public/private partnerships.

In addition, the President's 1987 budget includes $25 million for Program Administration. To maintain our program levels, as well as develop new initiatives, we are making the absolute best use of existing resources: managing volunteer programs more efficiently; consolidating site-visits, recognition and award ceremonies; decentralizing staff and project director training; and reducing staff travel. Such efforts will continue to be developed into FY 1987 and beyond. Careful monitoring of ACTION resources will continue. Existing programs will continue to benefit from efficient management and training. ACTION programs will improve as technical assistance to locally financed volunteer projects expands.

ACTION's programs are vital to the many communities they serve. We are continuing to tap the American volunteer spirit that exists in every community and in the hearts of all citizens. ACTION has taken the lead in developing the great resources that citizens offer. We are showing Americans how they can work together, helping them to find solutions to local problems through volunteers. ACTION is sharing expertise gained over 15 years with individuals and small businesses, with corporations and civic groups, with churches and synagogues, non-profit organizations, Federal, state and local agencies. We will and must continue to take the lead in showing communities throughout the country how they can transform available resources into lasting volunteer programs.

ACTION will continue to carry out the President's mission of developing private sector initiatives. We will improve federal management by wisely using each tax dollar and making government more responsive to the American public. I look forward to working with the Committee to support voluntarism and develop increased support for locally financed volunteer initiatives. Our goal is to hold the line on government spending while making truly effective use of appropriations to support volunteers. ACTION will continue to find new ways to put the independent spirit of people to work for America. For fifteen years, ACTION programs have shown that individual citizens can make a difference--working together to meet any challenge. More than ever America needs programs that build citizen independence and self-sufficiency -- that establish cost-effective, lasting solutions through local voluntarism. America's volunteer spirit is a great treasure. With your help, ACTION will continue our tradition of converting that precious spirit into solutions.

INTRODUCTION OF ASSOCIATES

Ms. ALVARADO. Thank you, Mr. Chairman. I have with me today Mr. Rick Ventura, Deputy Director of ACTION; Mr. Dan Bonner, the Associate Director for Domestic Operations, who has programmatic responsibility and Mr. Lowell Genebach, ACTION's budget officer.

Mr. Chairman and members of the subcommittee, I am pleased to appear before you today to present the President's fiscal year 1987 appropriations request for ACTION. The administration is requesting $149,865,000 for 1987 to fulfill its responsibilities under the Domestic Volunteer Service Act of 1973, as amended.

This appropriation request is $5,083,000 more than the level at which the agency is operating during 1986. The request represents virtually level funding for all programs from the 1986 presequestration appropriations.

Despite the effects in 1986 of the Gramm-Rudman-Hollings Deficit Reduction Act, we are at this time maintaining volunteer levels in both the Older American Volunteer Program and volunteers in service to America [VISTA]. Estimated performance is expected to increase in 1987 in almost every program category.

I would like to share with the subcommittee the accomplishments of our programs over the past year and our plans for 1987.

VISTA, ACTION's oldest program, has worked to alleviate poverty in America since 1964 by helping low-income individuals achieve self-sufficiency. VISTA volunteers are assigned to public and private nonprofit organizations throughout the United States.

In fiscal year 1985, VISTA contributed 2,200 volunteer service years to more than 500 communities. The President's request for 1987 is $17,890,000, and will support at least 2,200 volunteer service years.

More than one-half the VISTA programs are youth oriented, addressing problems such as drug abuse, illiteracy, unemployment, hunger, runaways, and child abuse. Volunteers are also active in neighborhood revitalization, economic development, refugee resettlement, shelters for the homeless and food banks.

SERVICE LEARNING AND DEMONSTRATION PROGRAMS

The President's 1987 budget includes $1.368 million for service learning programs and $1.801 million for Voluntary Citizen Participation and Volunteer Demonstration Programs.

ACTION's National Center for Service Learning provides training, resources, and technical assistance to high school, college, and community organizations that develop service learning volunteer programs. The center also provides assistance to existing volunteer programs.

The Young Volunteers in ACTION Program was developed by ACTION in 1981 as a model for students aged 14 to 22. Volunteers gain leadership skills as they serve in community projects. As of this fiscal year, students have gained more than 1.5 million hours of service in 43 projects.

ACTION's demonstration grants have enabled communities to test and replicate innovative approaches to solving such chronic social problems as drug abuse, unemployment, and the needs of at-risk youth by developing effective volunteer efforts.

They are particularly proud of the initiative to form parent's groups to combat drug abuse. We feel it has engendered quite a bit of support around the country. With ACTION's demonstration grants these parent groups have been formed in many States. They are extremely cost effective and have proven to be, in the drug prevention and education area, one of the most effective ways of not only educating parents, but also mobilizing young people into peer groups to fight drug abuse.

In the older American volunteer programs, the administration's 1987 request is $103.806 million. This represents a $4.464 million increase from the current operating budget.

FOSTER GRANDPARENT PROGRAM

The President has requested $56.1 million for the Foster Grandparent Program for 1987. This level will support at least 18,775 volunteers. Last year, 23,400 Foster Grandparents worked in 259 community-based projects. Another 400 volunteered in 10 non-ACTION funded projects. On a typical day, approximately 66,000 children were served.

The essence of the Foster Grandparent Program is direct, person-to-person relationships with the children served. Rewarding social, psychological, and educational benefits are gained by both the foster grandparents and the child. Last year, we funded 5 new projects and expanded 23 existing projects.

SENIOR COMPANION PROGRAM

The President's 1987 budget includes $18.086 million for the Senior Companion Program. This level will support at least 6,200 volunteers. In fiscal year 1986, an estimated 6,200 senior companions in 112 projects, including 900 volunteers in 16 non-ACTION funded projects, will serve some 24,000 persons in 50 States, the District of Columbia and Puerto Rico.

The homebound elderly provisions, included in the 1984 amendments to the Senior Companion Program, enabled us to add 10 to 15 volunteer service years to 17 existing projects, providing a total of 189 volunteer service years. In addition, 19 new projects ranging from 21 to 65 volunteer service years each were awarded for an eventual total of 847 volunteer service years.

Senior companions are providing a tremendous service. For example, in West Haven, CT, a senior companion has been serving an elderly invalid woman who suffers from frequent disorientation. The senior companion has been very successful in communicating with her and alleviating the disorientation. When the family of the invalid woman planned a trip to Washington, DC, they took the volunteer along to assist their mother and to show their appreciation to the senior companion.

We awarded $3,039,457 to support 912 new volunteers in 25 States and jurisdictions during the first operational year of the senior companion homebound elderly effort. The additional senior companions eventually will serve some 3,625 older persons. We have also awarded a contract to design and implement a comprehensive evaluation of the five areas specified in the law.

RETIRED SENIOR VOLUNTEER PROGRAM

The President has requested $29,620,000 for the Retired Senior Volunteer Program [RSVP] for 1987, which will support at least 365,000 volunteers.

We are expanding RSVP activities in literacy, crime prevention, in home care, youth counseling, consumer education, and drug abuse projects. In fiscal year 1985, 38,500 RSVP volunteers were involved in home health care activities. By the end of this fiscal year, the number of volunteers involved will increase to more than 48,000.

RSVP will become increasingly involved in home health care. RSVP volunteers also serve as members of support groups to victims of stroke, heart attack, alcohol, and drug abuse. The additional $1.8 million appropriation received in fiscal year 1985 for RSVP created 28 new projects and expanded the activities of 191 existing projects. We expect 18,000 new volunteers to provide service that otherwise would not have existed.

ACTION set aside $100,000 of the expansion funds for a special adult-literacy effort in partnership with Laubach Literacy, B. Dalton Bookseller, Inc., and the National RSVP Project Directors' Association. Laubach has made 23 small literacy incentive awards to RSVP projects for a 1-year period begun in October 1985. It is providing technical assistance to all RSVP projects involved in this important area. We are optimistic that this literacy initiative will become a model for future public/private partnerships.

In addition, the President's 1987 budget includes $25 million for program administration. To maintain our program levels as well as develop new initiatives, we are making the absolute best use of existing resources, managing volunteer programs more efficiently; consolidating site visits, recognition and awards ceremonies; decentralizing staff and project director training; and reducing staff travel.

ACTION will continue to carry out the President's mission of developing private sector initiatives. We will improve Federal management by wisely using each tax dollar and making Government more responsive to the American public. I look forward to working with the committee to support volunteerism and develop increased support for locally financed volunteer initiatives. Our goal is to hold the line on Government spending while making truly effective use of appropriations to support our American volunteers.

That concludes my summary, Mr. Chairman.

Senator WEICKER. Thank you very much, Donna.

Both the fiscal year 1986 and fiscal year 1985 Senate reports directed ACTION to undertake national recruitment in public awareness efforts to provide the opportunity for VISTA service to persons in all walks of life, age groups, geographic areas, and economic levels. Over the past year, what efforts have been taken to make potential volunteers aware of the VISTA Program, and what percentage of VISTA volunteers are nationally recruited?

Ms. ALVARADO. Mr. Chairman, we have undertaken a campaign to publicize VISTA, which includes a poster for national dissemination. We are talking to the Postal Service about the opportunity for displaying our poster in every post office across America. The poster is accompanied with a brochure which describes the VISTA Program and the opportunities for service.

In that brochure are listed each of the ACTION State offices and regional offices so that interested individuals can contact these offices for further information.

Of the amount that has been available for our public affairs budget this past year, the lion's share has gone to publicizing VISTA, and the results have been very satisfying. We have continually, throughout the year, been receiving many, many press clips from newspapers across the country describing the work that our VISTA volunteers are doing. Every opportunity that I have to talk about ACTION to the media as I travel around country, I constantly tell people about the special nature of the VISTA Program. So we feel confident that we have met that congressional mandate and we will continue to do so in 1987.

Senator WEICKER. My staff has a followup question. The question is really the appropriateness of the poster. I am not going to get into that, because I don't think this is a censorship board. That doesn't bother me. One question to ask about the Postal Service that is appropriate is, why isn't VISTA's toll free number printed on the poster?

Ms. ALVARADO. Let me defer that question to Mr. Bonner.

Mr. BONNER. Senator, a toll free number would direct callers to headquarters. Headquarters would right now, I think, at this point, tend to create some frustration for the callers, because they would not be able to get the kind of information they want. The solution, of course, is a clearinghouse by which we could provide all of the callers with relevant information about opportunities around the country. This would give them a one-stop shopping opportunity to try to meet their needs. A study is under way. We are hard at work at developing a clearinghouse.

Senator WEICKER. It would seem to me that would be a good idea. That would make sense. Do you think you might have that in place by the time we get together again next year?

Mr. BONNER. We are hoping to meet that target.

Senator WEICKER. Many concerns have been raised by ACTION's interest in recruiting nonstipended volunteers for the Foster Grandparent Senior Companion Grant Program. These concerns include the difficulty in enforcing the 20 hours of volunteer service per week requirement for these volunteers. Some feel that the continuity of and commitment to these programs would be jeopardized.

What is your comment on these concerns?

Ms. ALVARADO. Mr. Chairman, our intention in proposing the nonstipended option to interested projects is pure and simple: to increase the opportunity for elderly individuals regardless of their income, who want to work with disabled children and frail elderly.

We do not see that the option would be exercised in any way at all to the detriment of the existing stipended program. As an example, one of the things that I see when I travel around the country is the fact that in any given Foster Grandparent project or senior companion project, there are many more at-risk youth; there are many more frail elderly in the community than can be served by our stipended volunteers.

In many of these communities, we do not have RSVP projects operating and doing the same types of activities. So in those types of communities, we would merely like to make the option available for elderly individuals who, say, own their own home and, therefore, would not be eligible for a stipend, but still would want to serve as a Foster Grandparent or a senior companion. There are children and there are frail elderly who need that service and we do not want to turn potential volunteers away.

There would be judicious management of the projects by project directors working with the ACTION staff in the State to ensure that such volunteers were selected on the basis of their commitment and their understanding up front of the hourly requirements.

I know that some interests have portrayed this proposal as one which would cut back on the number of stipended volunteers, and I wish to assure the subcommittee that it is the administration's firm position that we will continue with level funding for both of these stipended programs and there will be no dimunition whatsoever in the number of stipended volunteers.

Senator WEICKER. You assume these legislative changes in your budget request?

Ms. ALVARADO. Yes; we have. We do not expect that this would require any additional appropriations. We do not think that the nonstipended proposal would be of such great magnitude as to require additional appropriations.

Senator WEICKER. I understand that since 1981, VISTA has had five different directors. I am told the current Director, Ms. Wise, intends to leave her position in the near future. What do you think the problem is here?

Ms. ALVARADO. Well, I don't think that there is a problem. Ms. Wise has certainly served very effectively under my directorship, and she and her family are being transferred out of the area. I am already working with the Office of Presidential Personnel in the White House to recruit someone.

Senator WEICKER. Five directors in 5 years, that is a pretty high turnover.

Ms. ALVARADO. I can only speak for the time I have been on board, Mr. Chairman, which has been 1 year, and there has been one Director of VISTA.

Senator WEICKER. Let me give you a piece of advice, because I think you are doing a good job. Let's see if you can get your own Director in there, not some political person that is thrust on you. There is nothing wrong with politics, but some of these positions here are filled with philosophers, and somebody obviously should fulfill a job and stay in it for longer than a year.

Ms. ALVARADO. Mr. Chairman, I assure you I will fill that position with someone who is equally dedicated to fulfilling the excellence in the VISTA Program.

Senator WEICKER. The fiscal year 1986 Senate report directed ACTION to describe and evaluate the projects funded by the Citizens Participation Volunteer Demonstration Program for fiscal year 1985 and fiscal year 1986. What is the status of this report?

Ms. ALVARADO. For the demonstration grants, we have submitted that to your subcommittee, as well as over on the House side. The evaluations were conducted on all of these, and I believe we are now in compliance with that provision.

Senator WEICKER. Has that been received? It came in this morning?

Ms. ALVARADO. Right under the wire.

Senator WEICKER. We will look forward to reading it. If there is any problem with it, I will be in touch with you.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Donna, I have further questions which I would like to have responses to for the record. Again, let me repeat that you have maintained good communication with the committee, and I appreciate that. If there are any problems, we will be in touch.

Ms. ALVARADO. Thank you very much, Mr. Chairman. I appreciate the opportunity.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

Questions Submitted by the Subcommittee

Question: Ms. Alvarado, with the exception of the Volunteers in Service to America (VISTA) program, all of ACTION's activities would be restored next year to their fiscal 1986 enacted levels. Why does the budget request exclude VISTA from returning to its presequestration level?

Answer: It is the Administration position that the FY 87 budget request for ACTION reflects the best use of taxpayers dollars. The budget request of $17,890,000 represents in no way harsh treatment for the VISTA program. In fact, this reduced funding level will reduce service year production by a maximum of 75 service years. By looking carefully at all expenditures for cost-savings, we hope to field even more than 2,325 service years. The FY 87 budget reflects careful review of resources and is a reasonable equitable level of volunteer strength for programs administered by ACTION.

Question: How does the average VISTA monthly living allowance compare to the most recent poverty index figures? Above or below the official guideline figure?

Answer: The average subsistance allowance is $5,088 per volunteer. The official poverty standard for a single individual is $5,360 per year.

Question: You reported last year that "the fiscal 1986 budget plan is insufficient for two project site visits per year". How many projects will you be able to visit during the current fiscal year?

Answer: We will be able to conduct an average of one monitoring site visit per project during FY 1986.

Question: What is the total amount of projects that require such monitoring?

Answer: ACTION has a total of about 1,700 projects. ACTION's monitoring policy, in line with Congressional recommendation, previously was to conduct two monitoring site visits per project per year. Projects normally reach maturity after three years. New projects and projects which have not reached maturity are monitored more frequently than once per year--with new projects being monitored two or three times per year. The requirement to monitor mature projects at least once per year can be waived on a case-by-case basis depending upon need. Therefore ACTION's current policy, given budget restrictions, is to conduct an average of one monitoring site visit per project per year.

Question: How many visits are included in the proposed travel budget next year?

Answer: ACTION's FY 1987 budget proposal includes funds to make an average of one monitoring site visit to each project during FY 1987.

Question: The budget documents report an unobligated balance lapsing of $407,000 last year. Why were you unable to obligate these funds?

Answer: It is not uncommon for an Agency which obligates the majority of its funds through grants to lapse a certain small percentage of its appropriation due to deobligations caused by changes in estimates of grantee requirements. In additon, amounts allocated to support activities may lapse for similar reasons, i.e., amounts obligated for travel or purchases may be partially deobligated when final vouchers are presented for payment. These adjustments often occur too late in the fiscal year for the freed-up funds to be used appropriately.

At the end of FY 1985, ACTION lapsed approximately $407,000 (or 0.3%) of the total funds ($152,292,000) available to the Agency from all sources ($150,164,000 from ACTION's appropriation, $2,128,000 from interagency agreements). Of that amount, $175,200 was program funds, or 0.1% of the funds appropriated for program activities. In support, the amount lapsed was approximately $121,000, 0.5% of the appropriated funds available. The remaining amount $110,800, represents funds from interagency agreements.

Question: What was the original budget request you submitted to OMB?

Answer: ACTION's submission to the Office of Management and Budget for FY 1987 funding totaled $162,352,000.

VISTA Budget Request

Except for VISTA funding, you are requesting the same dollars as were appropriated last year for ACTION. The VISTA request is for $17,890,000, a reduction of approximately 6 percent from the $19,000,000 appropriated last year. The decrease is primarily in volunteer support, a reduction of 75 service years from the FY 1986 level of 2400 (3 percent reduction).

Question: In light of past Congressional mandates to fund a floor of 2400 volunteer service years, why are you cutting VISTA funds?

Answer: It is the Administration position that the FY 87 budget request for ACTION reflects the best use of taxpayers dollars. The budget request of $17,890,000 represents in no way harsh treatment for the VISTA program. In fact, this reduced funding level will reduce service year production by a maximum of 75 service years. By looking carefully at all expenditures for cost-savings, we hope to field even more than 2,325 service years. The FY 87 budget reflects careful review of resources and is a reasonable equitable level of volunteer strength for programs administered by ACTION.

Question: How much funding would be required to maintain the 2400 volunteer service years?

Answer: $18,440,000 would be required to maintain 2400 volunteer service years.

VISTA Recruitment/Public Awareness

Both the FY 1986 and FY 1985 Senate reports have directed ACTION to undertake national recruitment and public awareness efforts to provide the opportunity for VISTA service to persons from all walks of life, age groups, geographic area and economic levels.

Question: For the past year, what efforts have been taken to make potential volunteers aware of the VISTA program?

Answer: All ACTION field offices and current VISTA sponsors have received copies of the VISTA recruitment poster and brochure. They have been distributed to college campuses, high schools, public buildings, libraries, community organizations, corporations, post offices and a variety of other sites across the country.

Question: What percentage of VISTA volunteers today are nationally recruited?

Answer: VISTA Volunteers currently serving in the program are recruited in several ways:

a. Project sponsor knowledge of individuals in the community served by the project who wish to serve as VISTAs.

b. Project sponsor recruitment of VISTA Volunteers at college campuses or professional organizations where skills needed are available.

c. Referrals of potential applicants who inquire at ACTION State or Regional Offices to potential sponsors in their area of residence or area of interest.

d. Referrals of potential applicants who inquire at VISTA Headquarters to ACTION State

Offices serving their areas of residence or area of interest.

Statistics on how many volunteers are recruited in each way are not available.

Question: What percentage are locally recruited?

Answer: same as above.

Question: What type of recruitment efforts are VISTA/ACTION conducting on college campuses?

Answer: At this time, college campus recruitment is done by the sponsor on an "as needed" basis. We will be developing a more comprehensive campus recruitment plan in which VISTA sponsors in the state would participate in campus recruiting activities assisted by ACTION State Staff.

Question: What percentage of VISTA volunteers are recruited from college campuses?

Answer: We have no current data on the numbers of volunteers specifically recruited from college campuses.

Question: What are your plans for FY 1987?

Answer: As part of an overall plan for scheduling and regularizing VISTA pre-service orientation in FY '87, ACTION State staff will have the opportunity of identifying, at least one quarter prior to the start of a training class, any skilled or "hard-to-fill" VISTA slots not capable of being filled locally. ACTION field staff, along with project sponsors, will receive assistance in tapping sources of volunteers, including college campuses, professional organizations, retired professionals, etc., which could supply VISTA Volunteers with needed skills.

Non-Stipended Volunteers

Many concerns have been raised by ACTION's interest in recruiting non-stipended volunteers for the Foster Grandparent and Senior Companion programs. These concerns include the difficulty in enforcing the 20 hours of voluntary service per week requirement for these volunteers. Some feel that the continuity of and commitment to these programs will be jeopardized.

Question: What is your comment on these concerns?

Answer: The Administration's authorization bill contains a proposal to permit non-low-income individuals to serve as non-stipended Foster Grandparents or Senior Companions. The agency developed this proposal in responce to requests from older persons who wanted to volunteer as Foster Grandparents or Senior Companions but were prevented from doing so by the low-income eligibility requirement. We believe that there are many individuals who are willing to volunteer a minimum of 20 hours, as the experience in the RSVP program indicates. It should be noted that our proposal in no way jeopardizes the existing programs; the language clearly states that all federal appropriations are to be used in support of low-income volunteers and that low-income volunteers may not be supplanted by non-stipended volunteers. Our purpose is to expand voluntary service and create new opportunities for older Americans while safeguarding appropriations for the low-income population.

Question: Have you assumed these legislative changes in your budget request?

Answer: These legislative changes do not affect the budget for the Older American Volunteer Programs and therefore, are not included in the budget.

Advisory Council

The 1984 ACTION reauthiorizing legislation repealed the National Service Advisory Council as of January 1, 1986. However, ACTION established an Advisory Council under the authority of the Federal Advisory Committee Act.

Question: Why did you recreate the Council, even though it had been repealed by the reauthorizing legislation?

Answer: The Federal Advisory Committee Act allows agencies to create an Advisory Council with the concurrance of the Office of Management and Budget and the General Services Administration. The intent to create the Council was published in the Federal Register in January, 1986. The Federal Register notice says the Council will advise and make recommendations to the Director in regard to policy matters arising in the Administration of the D.V.S.A. as amended as to the effectiveness of ACTION programs.

The ACTION Agency established the National Volunteer Advisory Council because the Council significantly contributes to the Agency's ability to accomplish its mission and does so at a minimum cost to the Agency.

Question: What is the role of the Advisory Council?

Answer: The major contributions of the Council include selecting the President's Volunteer ACTION Award recipients and garnering local community support for volunteerism.

The Federal Advisory Commitee Act is very explicit as to the purpose of the Council, and that is to advise. The Council will continue to operate under the guidelines as established in the Federal Advisory Committee Act.

Question: Who are the members of the Council?

Answer: A membership list is attached.

Question: How many times a year will the Council meet?

Answer: Not more than 4 times a year.

Question: Does ACTION intend to reimburse or compensate the members of this newly created Council?

Answer: ACTION will comply with the Federal Advisory Committee Act in the matter of reimbursement for travel and expenses.

Question: What will be the cost of supporting the Council in FY 1986 and FY 1987?

Answer: In FY 82 $ 2,735.90 (1 meeting)
83 $ 8,128.70 (3 meetings)
84 $ 8,113.41 (3 meetings)
85 $18,334.01 (4 meetings)
86 $ 5,021.00 (2 meetings)

The charter of the council provides that not more than $21,000 can be expended for Advisory Council support cost.

Question: What are the major objectives for the VISTA Program in FY 1986? In FY 1987?

Answer: The major focus areas for the VISTA program in FY 86 are hunger, homelessness, illiteracy, unemployment; and issues that affect low-income youth, Native Americans, migrant workers, and disabled persons. We do not anticipate marked change in FY 87 focus areas.

Question: Please provide for the record the ten primary issue areas in which VISTA is involved, and the number of projects and volunteers in each of these areas.

Answer: As of March 31, 1986, the distribution of VISTA Volunteers by type of projects in the primary issue areas are:

Type of Project	Number of Projects	Number of VISTAs
Literacy	110	187
Drug & Alcohol Abuse	77	441
Domestic Violence/ Child Abuse	55	227
Job Training and Placement	112	551
Homelessness/Shelter	71	301
Runaway Youth	19	130
Food Banks/Food Distribution	129	545
Rural	193	797
Native American	10	54
Veterans	9	41
Disabled	46	233
Refugees	37	185

In some cases, the number of volunteers and projects are double-counted since some projects focus on more than one emphasis area.

Voluntary Citizen Participation Grants

Although the $680,000 request for funding of the Voluntary Citizen Participation Grants is the same as last year's appropriation, the emphasis has shifted from State Office of Voluntarism grants to Technical Assistance Grants.

Question: Why are you shifting your funding from the State Office of Voluntarism program to the Technical Assistance program?

Answer: By the end of FY 1986, ACTION will have funded a total of 47 or 48 state offices of voluntarism either through the statewide program, SOVCP, or the SOV program. The program, as it presently exists in grant form, carries with it a potential five year commitment for funding. ACTION's funding resources are becoming increasingly scarce in the face of increased reliance and demand for voluntarism initiatives in all sectors. ACTION's program direction, in response to increasing needs, is to develop and provide technical assistance toward program development, efficiency and self-sufficiency rather than through direct funding. Technical assistance grants are seen as a means to develop and enhance ACTION's technical assistance capabilities. Therefore, although it may appear that there is a shift in funding, technical assistance is merely the logical extension and augmentation of the State Office of Voluntarism program.

Question: I understand that the Technical Assistance programs are one-time grants averaging

$15,500, while the State grants provide continuing support. Don't you think the State grants provide more continuity and coordination of volunteer efforts than the one-time technical grants?

Answer: Technical Assistance program grants have in the past usually been one-time grants and have averaged $15,500 in FY '85, $25,000 in FY '84 and $31,000 in FY '83. However, there are no specific guidelines requiring one-time only funding or stipulating the amount of a grant. The only restriction is that set by Congress requiring that ACTION use the competitive process for grants in excess of $50,000.

When compared to quality technical assistance in program development, project management and alternative funding, there is no established correlation between continuity and coordination of volunteer efforts and the level of ACTION funding.

As a point in fact, ACTION funded some 12 states in the past which currently have no existing statewide offices of voluntarism, and there are at least three states which have established non-ACTION funded offices of voluntarism with little or no assistance from ACTION. Our primary role with regard to these three states was to give them the benefit of our experience and knowledge and to faciliate their linkage to other established programs.

ACTION's response to increased demands in voluntarism initiatives is to use our limited resources in the development and provision of technical assistance to states seeking to establish or enhance statewide efforts rather than continue to fund state grants, particularly in those states which previously have received ACTION funds but have established no on-going efforts.

Administration - Staffing

Question: Why are you proposing to reduce the number of full time equivalent (FTE) positions by 14, or 3 percent, from 525 to 511?

- How will this loss of positions affect your training programs and volunteer promotion efforts?

Answer: The reduction in personnel has been proposed in order to meet our reduced FY 1987 ceiling.

We do not anticipate that the reduction in positions will have any adverse effect on training, volunteer promotion, or any other key activities of the Agency. We plan to achieve the reduction through attrition, but will assure that critical vacancies are filled in order that functions vital to Agency's mission continue to be carried out.

Young Volunteers in ACTION (YVA)

Question: Why do so many projects terminate once ACTION funding is stopped?

Answer: YVA projects may terminate as an ACTION project; however, it does not mean that the community does not continue the projects's efforts to use youth as a resource. In small communities it turned out to be a difficult goal to accomplish. YVA is a demonstration program which has succeeded in proving to communities just how valuable young people are as volunteers. Many of our successful YVA programs have contributed to the development of our new service learning programs.

Question: How do you assess a prospective Young Volunteers in ACTON (YVA) sponsor's capacity to generate non-federal funding and continue after the two-year grant period?

Answer: YVA sponsor's capacity to generate non-federal funding to continue after federal funding is plausible with a program that has shown success within the community and if the community can picture how youth may continue their contribution whether it is through a need for additional funding or their collaboration with community organizations to continue the youth service.

Question: What new initiatives are you anticipating for YVA, given the number of projects that fail without ACTION's assistance?

Answer: As a result of evaluations conducted of YVA projects, ACTION has issued new Student Service Learning guidelines to be implemented in FY'86. The program will focus on encouraging community service to the poor through student volunteers. The new program initiative allows potential grantees to determine the number of volunteers and hours they will be able to recruit to serve the poor where their community needs are greatest. It will also give them an additional year of funding to provide additional time to prove what they can do for the community. The Federal funding level will decrease each year.

CORPORATION FOR PUBLIC BROADCASTING

STATEMENT OF MARTIN RUBENSTEIN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

ACCOMPANIED BY DONALD E. LEDWIG, VICE PRESIDENT-TREASURER

PREPARED STATEMENT

Senator WEICKER. We will hear next on the Corporation for Public Broadcasting [CPB] represented by Martin Rubenstein, President and Chief Executive Officer, and Donald E. Ledwig, the Vice President and Treasurer.

Senator WEICKER. Hello, Marty, how are you doing?

We will be glad to have your testimony. Where is Sonia Landau? Is she ill?

Mr. RUBENSTEIN. She is not present this morning, Senator. She is not ill.

Senator WEICKER. We are usually privileged with having the Chairman of the Board present at these hearings. It only happens once a year. You might feel that that is somewhat necessary.

Mr. RUBENSTEIN. Senator, you might not be aware, her term as a member of the Board expired on March 26. Her name has been resubmitted for confirmation, so at this moment, she is technically not the Chairman of the Board. That is the situation also with some other members of our Board.

Senator WEICKER. I see. All right.

Why don't you go ahead and proceed. Your statement in its entirety will be placed in the record, so why don't we hear the synopsis of that statement, and then we can get to questions.

[The statement follows:]

STATEMENT OF MARTIN RUBENSTEIN

I. INTRODUCTION

My name is Martin Rubenstein. I am the President and Chief Executive Officer of the Corporation for Public Broadcasting (CPB).

I welcome this opportunity today to make my first appearance before you on behalf of the Corporation for Public Broadcasting.

I was elected President and Chief Executive Officer by the CPB Board of Directors at its meeting on January 31, 1986. I assumed my duties immediately thereafter.

By way of background, I come to my present position with over 25 years' experience in the commercial broadcasting industry. I spent 17 years with the American Broadcasting Company (ABC). My last position with ABC was as Vice President and General Manager of ABC News.

In 1978 I joined the Mutual Broadcasting System, Inc. as Executive Vice President for Administration. I was named President and CEO of Mutual in November 1979, serving in that position until 1984.

I therefore come to my present position with credentials in commercial broadcasting. But, public broadcasting certainly was no stranger to me. In fact, in my prior positions and through my work with the National Association of Broadcasters, I did come in contact with, and had dealings with elements of public broadcasting, such as National Public Radio.

Needless to say, the past two and a half months have been an exceedingly busy time for me, getting up to speed and responding to the demands of my new duties. Consequently, time limitations did not afford me the opportunity to introduce myself to each of you on an individual and more personal basis. I am sorry that this was not possible. I therefore appreciate your indulgence in allowing me to take this occasion to introduce myself to you.

II. CPB AUTHORIZATION

Turning now to the business at hand, CPB's appropriation request for FY 1989 . . . .

I am pleased to report to you today that for the first time in over two years CPB appears before you with its authorization for appropriations enacted into law. On April 7, 1986, President Reagan signed into law H.R. 3128, the Consolidated Omnibus Budget Reconciliation Act of 1986, as Public Law 99-272. Section 5001 of that Act authorizes CPB's appropriations for FY 1987 through FY 1990, inclusive.

The amount authorized to be appropriated for CPB for FY 1989, pursuant to Public Law 99-272, is $238 million. This also is the amount that the CPB Board of Directors voted at its January 1986 meeting to seek for FY 1989, anticipating enactment of Public Law 99-272.

III. FY 1989 APPROPRIATIONS REQUEST

Thus, the request CPB makes of you today is an appropriation in the amount of $238 million. We make this request acutely aware of and sensitive to today's severe budgetary constraints. We also make this request mindful of the potentially drastic reductions which may be "triggered" by the Balanced Budget and Emergency Deficit Control Act of 1985 (i.e., the so-called "Gramm-Rudman-Hollings" Act), on which oral arguments are to be presented to the U.S. Supreme Court today, April 23.

Indicative of CPB's sensitivity to these budgetary constraints, the requested $238 million appropriation for FY 1989 is over 17 1/2% under our own calculated need to maintain a 1982 service level.

The $238 million request also is lower than the Administration's earlier projected funding level of $246 million for FY 1989, as set forth in former OMB Director Stockman's February 13, 1985 letter to CPB's President. Subsequently, however, by letter of February 27, 1986, the OMB advised me of the Administration's 47% reduction in its previous planning estimate to $130 million! The effects of a reduction of this magnitude upon public broadcasting could be Draconian. It could mean, for example, that --

- the funds allocated for TV Direct Support would be reduced to its FY 1984 level of $65.9 million, 45% less than the CPB request.

- for program production only $21.9 million would be available. CPB would be forced to reduce its support to the major prime-time series that are the core of the national schedule. The programs most likely to be threatened would be those for which no offsetting corporate or foundation underwriting historically has been available, such as news and public affairs, children's programming, and target audience programming.

- public radio would be allocated $29.2 million. At this level, the capacity of many stations to operate could be seriously jeopardized. Moreover, the national programs currently broadcast would be substantially curtailed or eliminated.

- only $13 million would be available for system support expenses. The result could be either a drastic curtailment of CPB's discretionary activities in training and planning, or the pulling of the so-called "trigger" provision in the law. This latter action could mean a further substantial financial burden to be assumed by the public broadcasting stations to finance these fixed costs.

IV. IMPORTANCE OF FEDERAL FUNDING

While federal funding is not the major source of public broadcasting income, accounting for only about 14% of total income for FY 1984, federal funding is probably the most strategic. It is federal funding that provides the "seed money", and the most important, the ability to develop advance-year programming in the "pipeline". Lacking these federal funds, co-production deals, which require considerable lead time, would be more difficult because stations would have less resources for negotiation. For example, I have heard it said that the loss of federal funding could push public television back to the days when PBS was often referred to as "Primarily British Series!"

Thus, I cannot stress to you too much the importance of the funding that we request of you today for FY 1989.

V. CONCLUSION

Mr. Chairman, Members of the Subcommittee, in conclusion, I come before you today on behalf of the Corporation for Public Broadcasting with but two and a half months in my current position as President-CEO.

I do not come before you proposing a new, expansive and costly agenda to be financed with federal funds.

On the contrary, the limited time I have had in this postion has, at best, afforded me the opportunity to identify the issues; and certainly not to provide all of the answers. But, even if I did have all the answers, it is not in my nature nor my management style to advance extravagant new initiatives. Rather, my current, principal objective is to more effectively use what limited funding is available to CPB. Also, I am acutely aware that by law most of the federal funding provided to CPB flows through CPB to public radio and public television stations. CPB's "discretionary funds" therefore are severely constrained both in law and in fact. But, again, this federal funding is important, and yes, even vital to the continued existence and well-being of public broadcasting, not to mention the congressionally declared policy that --

> " ... it furthers the general welfare to encourage public telecommunication services which will be responsive to the interests of the people both in particular localities and throughout the United States, which will constitute an expression of diversity and excellence, and which will constitute a source of alternative telecommunication services for all the citizens of the Nation .... "

Mr. Chairman, Members of the Subcommittee, next year on November 7, 1987, we will mark the 20th anniversary of the "Public Broadcasting Act of 1967" which, among other matters, authorized the establishment of a non-profit corporation, to be known as the "Corporation for Public Broadcasting." With your help and your assistance on the funding request we make today I hope that on the occasion of that 20th anniversary we will be able to reflect back upon two decades of consistent progress, excellence, and dedication to the pursuit of those objectives for which the Congress established CPB and public broadcasting. I look forward to the opportunity to work with you, and for my part, I pledge to you today my unstinting efforts to those objectives.

Thank you.

($ in Millions)

ACCOUNT	1985 ACTUAL	1986 REQUEST	1986 APPROPRIATION	REVISED REQUEST (INCLUDING SUPPS. (& RESCIS.)	1987 ESTIMATE (FOR EACH ACTIVITY)
PUBLIC BROADCASTING FUND	$200.0 (1987)	$214.0 (1988)	$214.0 (1988)	Admin. Rescis. $170.0 (1988)	CPB Request $238.0 (1989) Admin. Request $130.0 (1989)

BIOGRAPHY OF MARTIN RUBENSTEIN

Veteran broadcaster Martin Rubenstein was elected president and chief executive officer (CEO) of the Corporation for Public Broadcasting (CPB) January 31, 1986, by the CPB Board of Directors. He brings to the Corporation 24 years of experience in the broadcast industry.

Rubenstein was president and CEO of Mutual Broadcasting System, Inc., until April 1984. He joined Mutual in March 1978 as executive vice president for administration and was named president and CEO in November 1979. Under his leadership, Mutual became the first nationwide commercial satellite network. He also significantly expanded Mutual's program offerings from news and sports to cultural and entertainment programs.

Before going to Mutual, Rubenstein spent 17 years with the American Broadcasting Company (ABC) where he moved from executive trainee in the legal department to vice president and general manager of ABC News. Some of Rubenstein's accomplishments at ABC were planning coverage of all special events and negotiating agreements with major talent, including Peter Jennings, Ted Koppel and Barbara Walters. He also led the survey trip to Moscow in 1972 to plan for former President Richard Nixon's 1972 trip to the Soviet Union. In 1974, he made arrangements with Israeli Prime Minister Yitzhak Rabin for an ABC News documentary biography.

Most recently, Rubenstein was a communications consultant in the Washington area where he has lived for seven years.

Among his many affiliations, he is national president of United Cerebral Palsy Associations of America, and a member of the Board of Directors of the Washington Journalism Center and the Brooklyn College Conservatory of Music.

Rubenstein holds a Doctor of Jurisprudence from the Columbia University School of Law, and a B.A. in Political Science from Brooklyn College.

A native of New York City, he lives with his wife, Cora, in Washington, D.C. They have two children, Deborah and William.

BIOGRAPHY OF DONALD E. LEDWIG

Donald E. Ledwig was elected vice president-treasurer of the Corporation for Public Broadcasting (CPB) November 9, 1984.

Ledwig had been with the Washington office of the LTV Corporation of Dallas, Texas. Prior to joining LTV, he completed a 25-year career in the U.S. Navy with the rank of captain. He served in four ships of the U.S. Pacific Fleet and in various assignments ashore involving business matters with major corporations. He was deputy commander for contracts, Naval Electronic Systems Command in Washington, D.C., from 1981 to 1984, where he contracted for telecommunications and space satellite systems. As director of acquisition and contract policy for the Navy from 1979 to 1981, he approved all major contracts and the managerial accounting systems of defense contractors.

From 1966 to 1972, Ledwig served in fiscal and contracting positions with the Naval Nuclear Propulsion Program under Admiral Rickover. He is a certified professional contracts manager and a former disbursing officer for the U.S. Treasury.

Ledwig holds a B.S. degree in Economics from Texas Technological College, an M.B.A. degree in Financial Management from The George Washington University and is a distinguished graduate of the Naval War College. His military awards include the Legion of Merit.

A native of Lubbock, Texas, he is married to the former Gail Wilcox of Boston, Massachusetts. They have two sons and live in Arlington, Virginia.

OPENING ORAL STATEMENT OF M. RUBENSTEIN

Mr. RUBENSTEIN. I would be happy to do that.

Mr. Chairman, members of the subcommittee, my name is Martin Rubenstein. I am the President and Chief Executive Officer of the Corporation for Public Broadcasting. I am accompanied today by Mr. Donald E. Ledwig, our Vice President and Treasurer.

I welcome this opportunity today to make my first appearance before you on behalf of the Corporation for Public Broadcasting. Mr. Chairman, I have submitted a prepared statement to the subcommittee, which I ask appear in the hearing record. In the interest of time and with your permission, I would like to make a very brief opening statement.

I was elected President and Chief Executive Officer by the CPB Board of Directors at its meeting on January 31, 1986. I come to my present position with almost 25 years' experience in the commercial broadcasting industry. I spent 17 years with the American Broadcasting Co. [ABC].

My last position with ABC was as vice president and general manager of "ABC News."

In 1978, I joined the Mutual Broadcasting System as executive vice president for administration. I was named president and chief executive officer of Mutual in November 1979, serving in that position until 1984.

I, therefore, come to my present position with credentials in commercial broadcasting. But public broadcasting certainly was no stranger to me. In fact, in my prior positions and through my work with the National Association of Broadcasters, I did come in contact with and had dealings with elements of public broadcasting, such as National Public Radio [NPR].

Turning now to the business at hand, CPB's appropriation request for fiscal year 1989. I am pleased to report to you today that for the first time in over 2 years, CPB appears before you with its authorization for appropriations enacted into law. On April 7, 1986, President Reagan signed into law the Budget-Reconciliation Act.

It authorizes CPB's appropriations for fiscal year 1987 through fiscal year 1990 inclusive. The amount authorized to be appropriated for CPB for fiscal year 1989 is $238 million. This also is the amount that CPB's Board of Directors voted at its January 1986 meeting to seek for fiscal year 1989.

We make this request acutely aware of and sensitive to today's severe budgetary constraints.

The requested $238 million appropriation for fiscal year 1989 is almost 20 percent under our own calculated need to maintain a 1982 service level.

In short, we are behind the curve of our best estimate of our fiscal year 1989 need, which is for $288.8 million.

And make no mistake, adequate Federal funding is indeed important. It is Federal funding that provides the seed money which has a multiplier effect. Most important, it is Federal funding that allows public broadcasting to develop advance-year innovative programming in the pipeline.

Mr. Chairman and members of the subcommittee, as a former commercial broadcaster, I can tell you that without the innovative, risk taking of public broadcasting you would not be witnessing the new collaborative remedial attack on adult illiteracy to be undertaken this year, you would not be viewing the educational programming on drug abuse, such as "The Chemical People," and children would not be able to tune in and listen to and call into the radio program "Kids America" broadcast live, Monday through Friday, 6:30 to 8 eastern time.

It is to preserve and to nurture such innovative programming that we seek your support for our fiscal year 1989 appropriation request. For without you and your support, none of this is possible.

Mr. Chairman and members of the subcommittee, I look forward to working with each of you in the days and months ahead. I shall be pleased to answer any of your questions to the best of my ability.

Thank you.

CORPORATION FOR PUBLIC BROADCASTING RELATIONSHIP WITH ADMINISTRATION

Senator WEICKER. Thank you.

When you took this job, did you realize that there was probably going to be a strain between you and the administration in light of prior administration budget requests and the action of the CPB Board, which has always been at a substantial difference?

Mr. RUBENSTEIN. Part of my career, as I mentioned, was in the news field, and I did sufficient investigating, so there were really no surprises.

Senator WEICKER. You certainly have superb qualifications.

Mr. RUBENSTEIN. Thank you, sir.

Senator WEICKER. And I might add, also, your comments on CPB, I couldn't agree with you more as to being an innovator and a creator. There is only one thing I still don't understand. Let me give you an analogy: I have always looked upon the great effect that private schools have as having the capacity and the money to innovate, and some of that innovation, then, gets picked up once it is tried and true by the Public Education System. It is true that with governmental support, why, CPB has done many, many things and many valuable things.

But I really fail to see where much of that has been picked up by the commercial broadcasters over the years. It still seems to be sort of locked into CPB. Why do you think that is? Because a lot of it has been very successful.

Mr. RUBENSTEIN. Well, it has been successful in the context of public broadcasting, Mr. Chairman. I think, if you take a look at the broadcast industry in this country as one industry that has commercial components and public components, and look at it as an entire fabric, each serves the public interest in a slightly different way and has, you might say, different raison d'etre.

Commercial broadcasters, unlike your analogy of the private schools and with some of their programs going into the public schools, are in business for profit as well as the public interest. Therefore, unless a program has mass audience appeal, it is not likely to end up in commercial broadcasting. That is not to say, however, that we can't take pride in some of the miniseries and some of the quality programming that has appeared on commercial broadcasting, not continuously, I admit, but I am certain that some of this programming was inspired by the success of some of public broadcasting presentations, such as "Masterpiece Theater" and others.

CORPORATION FOR PUBLIC BROADCASTING AND ADMINISTRATION BUDGET REQUESTS

Senator WEICKER. The amount of $238 million is for fiscal year 1989, and the administration is asking for, what, $130 million?

Mr. RUBENSTEIN. $130 million, yes, sir.

Senator WEICKER. Do you have any estimates if it was $130 million? My gosh.

Mr. RUBENSTEIN. It would be a disaster, Mr. Chairman, in terms of the way we operate, because as you know, the Federal funds are not the sole funding, but it acts as a multiplier throughout the system, and it is essentially the foundation and the base upon which we operate.

That would have a ripple effect through the system that would literally rend it to pieces.

Senator WEICKER. Your initial request to the Office of Management and Budget was even more; wasn't it more than $238 million?

Mr. RUBENSTEIN. Our needs estimate that was done somewhere around 1982–83 indicated that by that time, we would need $288.8 million, so we have reduced our expectations to the $238 million figure.

Senator WEICKER. Are you getting the matches that you would like to see in terms of private donations?

Mr. RUBENSTEIN. I am not 100 percent satisfied with that. I think that more work has to be done in that area.

CORPORATION FOR PUBLIC BROADCASTING ADMINISTRATIVE EXPENSES

Senator WEICKER. The administrative expenses, I gather, by law, are what, 5 percent?

Mr. RUBENSTEIN. That is correct; not more than 5 percent.

Senator WEICKER. Nobody is considering nor even wanting to encourage higher administrative expenses, but I also realize that the good personnel, good creative personnel don't come cheap in this industry. Does that give you sufficient funds to go ahead and get what you want?

Mr. RUBENSTEIN. We have sufficient funds in the context of the fact that it depends on which part of the system you are talking about.

In certain areas, there is a capping of salaries by statute. This can curtail recruitment. When you get into the independent area where we go out and negotiate, the funds are not everything that we would like, but I think that we can at least remain competitive on some levels.

The administrative level, if you are talking about within CPB or the Public Broadcasting System, that is a different factor. In dealing on the production side, I believe we can remain competitive.

STATE SUPPORT FOR PUBLIC BROADCASTING

Senator Weicker. Do you get much in the way of State matches?

Mr. Rubenstein. Yes; matches, I am not exactly certain, is the way to describe it. We get State support, as well as municipal support, depending upon the locale. It changes from locale to locale. New York City, for instance, owns the stations there, so you would describe it as municipal support, even though that Board is working to have additional funding aside from the money they get from the city.

NATIONAL PUBLIC RADIO FINANCIAL STATUS

Senator Weicker. Let me ask you one question. This is a holdover from difficult times in the past. What is the situation over at National Public Radio? They had some difficulties, as I recall, 1 year or so ago.

Mr. Rubenstein. That is correct. It is improving. Mr. Ledwig can give you a summary.

Mr. Ledwig. Mr. Chairman, National Public Radio has made substantial progress in recovering from its 1983 crisis. It ended 1985 with a positive fund balance of a little over $1 million. On March 31, 1986, NPR made a loan payment to CPB of $1,156,000, which reduced their outstanding balance on their $7 million debt which they owed to CPB to $264,000. Repayment of the CPB loan is thus $473,053 ahead of schedule. They are in good shape. They are paying back their loan to us. They are paying it back ahead of schedule. The balance, $226,469 will be paid to us on or before September 30 of this year. They are making good, steady progress. Their financial situation has improved tremendously in the last 3 years.

CONCLUDING REMARKS

Senator Weicker. I would expect that Congress will prevail, once again, in the variance between the budget presented by the administration and that presented by the Corporation for Public Broadcasting coming in far closer to yours than to the administration's. I wish you the best in your new endeavor. I can assure you that this endeavor enjoys wide support in the Congress.

Mr. Rubenstein. We appreciate that, Senator.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator Weicker. It will continue that way. I think it also enjoys wide support insofar as maintaining its independence, either of congressional or the administrative efforts directed in any particular area.

So I welcome you aboard and any way we can be helpful, why, I would be glad to do that.

Mr. Rubenstein. That is appreciated, Senator. Thank you. Thank you, Mr. Chairman.

Mr. Ledwig. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

BUDGET REQUEST - FY 1989 (2 YEAR FORWARD FUNDING)

Question. What was your request to OMB?

Answer. We requested $264.1 million from OMB.

Question. The recently passed Reconciliation bill authorized FY 1987 through FY 1990 funding levels for the Corporation. What is the authorized level for FY 1989?

Answer. $238 million.

Question. The Administration proposes a request of $130 million for FY 1989. I understand that in December, 1985, your appeal to OMB's proposal was denied without the courtesy of a hearing for the Corporation to present its case. What are OMB's reasons for the drastic reduction in your request?

Answer. We were not officially informed as to the reasons for OMB's reduction to $130 million. We can only refer you to the statement made in the budget appendix on the budget recommendation for CPB. "Although public broadcasting is an important national resource, a funding level of $214 million (for FY 1988) is incompatible with the urgent need to reduce Federal spending. The Administration is, therefore, requesting a $44 million rescission for a $170 million appropriation for FY 1988. For 1989, the Administration is requesting $130 million."

Question. Is there a change from previous actions and - commitments made by the Administration?

Answer. Yes, sir, there has been. In a letter to CPB from the former Director of OMB dated February 13, 1985 (copy submitted herewith), OMB figures showed increasing support for CPB, with $246 million proposed for FY 1989. This amount is higher than that currently authorized and the CPB request for appropriations.

In the interest of providing a complete hearing record, we also submit a copy of (1) Mr. Ledwig's December 16, 1985 letter to Mr. Miller, Director of OMB; (2) Mr. Ledwig's December 31, 1985 letter to the President; (3) Mr. Joseph R. Wright, Jr.'s, Deputy Director of OMB, February 3, 1986 letter to Ms. Sonia Landau, Chairman of the CPB Board, responding to Mr. Ledwig's letter to the President, and Mr. Wright's February 27, 1986 letter to Mr. Martin Rubenstein, President of CPB.

LETTER FROM DAVID A. STOCKMAN, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

FEB 13 1985

Honorable Edward J. Pfister
President, Corporation for Public
Broadcasting
Washington, D.C. 20036

Dear Mr. Pfister:

The President's 1986 Budget has now been transmitted to the Congress. This budget reflects the President's resolve to limit the size and scope of the Government and provides for a measured but steady decline in the size of the budget deficit. I want to thank you and your staff for your cooperation during the budget formulation process and for your help in preparing the budget documents.

The enclosure to this letter provides ceilings for your agency. The 1987 and 1988 budget ceilings and multi-year planning ceilings (for 1989 and 1990) for budget authority, along with outlays related to these ceilings, are included in the enclosure. (Additional details for the current and budget years are shown in the Budget Appendix and budget accounts listing of the Budget.) These are the amounts within which your activities should be planned for the period 1987-1990. No increases should be contemplated unless they are required because of circumstances beyond the agency's control.

The President seeks your support for his policies to reduce discretionary spending and encourages you to manage your resources prudently and to ensure that Federal responsibilities are carried out in an effective and efficient manner.

Sincerely,

David A. Stockman

Enclosure

Corporation for Public Broadcasting
Budget and Multi-Year Planning Estimates
($ in thousands)

	1985	1986	1987	1988	1989	1990
Budget authority	150,500	159,500	186,000	214,000	246,000	283,000
Outlays	150,500	159,500	186,000	214,000	246,000	283,000

Details concerning the derivation of current and budget year totals are shown in the Budget Appendix and in the budget accounts listing of the Budget. Details concerning multi-year totals can be provided by staff of this Office.

LETTER FROM DONALD E. LEDWIG

December 16, 1985

The Honorable James C. Miller
Director
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Dear Mr. Miller:

The Corporation for Public Broadcasting (CPB) was informed by your staff on December 12, 1985 that OMB intends to recommend an appropriation of $130 million versus the $264.1 million requested by the Corporation for FY 1989. OMB intends to include this amount in the President's FY 1987 Budget. In addition, we have been informed that OMB will seek a $44 million rescission of CPB's FY 1988 appropriation, reducing that funding level to $170 million. Finally, we were told that the Administration will reverse its current policy and seek the phasing out of federal support for public broadcasting along a declining funding line to $60 million by FY 1991.

We do not understand the basis for these proposals because they are inconsistent with the following recent actions by the Administration and the Congress and appear to be disproportional even to the reported requirements of the Gramm-Rudman-Hollings law.

1. The Director of OMB gave CPB formal written notice on February 13, 1985 of OMB's plans for increased federal funding for public broadcasting through FY 1990.

2. Legislation was passed by Congress last year and this year which provided increased funding for CPB to $200 million in FY 1987 and to $214 million in FY 1988. Senator Goldwater's bill, S.1084, to authorize CPB's appropriations through FY 1990 has the unprecedented co-sponsorship of 74 other Senators.

3. The President signed into law both of CPB's appropriations for FY 1987 and FY 1988, the last one on December 12, 1985.

These decisions were made after extensive consideration and debate of the issues involved.

The Corporation deeply appreciates these actions by the Congress and the President. I believe the American public does too. A summary of our funding situation is attached for your convenience in reviewing this matter.

If the new OMB funding proposals are not revised upward, they will reopen the national debate which was just concluded so decisively in favor of increased federal funding for public broadcasting. Accordingly, we have no alternative but to revisit some of the consequences that would flow from phasing out federal funding. It would:

1. eliminate the financial foundation of a national telecommunications system which has been able to build on the federal base and currently generates approximately $800 million in non-federal dollars. That system now employs over 13,000 people and includes the participation of approximately 4.6 million citizens who contribute funds to public broadcasting and 232,000 others who volunteer their time. The results of this effort are heard by 9 million radio listeners and seen by about 100 million television viewers each week;

2. eliminate CPB support for our stations which are an integral part of our nation's educational system;

3. eliminate major efforts over the past three years to improve the reading, science, and math skills of our elementary school children. Programs such as Reading Rainbow, 3-2-1 Contact, and an upcoming math series are responding successfully to major national educational challenges which, if met, will help assure this country's long-term security and progress;

4. eliminate one of public broadcasting's most unique capabilities--to reach out and aid local communities in solving major social problems that affect citizens directly. For example, the award-winning program, The Chemical People, dealt effectively with drug abuse. Similarly, efforts have just been announced to undertake an outreach effort to address the problems of adult illiteracy. Both of these initiatives have involved a successful partnership between the Federal Government, private enterprise, and public broadcasting; and

5. eliminate CPB funded major dramatic, cultural and public affairs programming--such as American Playhouse, the MacNeil/Lehrer Newshour, and radio's All Things Considered which experience has proven will not be offered by the private sector alone. Such programs form the core of the PBS and National Public Radio broadcast schedules.

In summary, the OMB proposal would abandon support for an American cultural and educational resource just as it sees hope for recovering from the effects of earlier depressed funding levels. Further, it would undermine our ability to make long-term commitments in the important areas outlined above. We will be pleased to discuss these consequences further at your convenience or at the convenience of your budget examiners.

We maintain that it is unrealistic for OMB to expect that funding from other public and private sources of income for public broadcasting will replace federal funding--or will serve the same purpose as federal funds. As the Congressionally mandated Temporary Commission on Alternative Financing for Public Telecommunications noted in its 1983 report, "... There is no substitute for continued federal support." Yet, under OMB's recent proposal, funding from private and other public sources would have to increase substantially over what it has been in recent years and there is no evidence to support that happening.

Federal funding plays a critical leadership and catalyst role which makes possible the aggregation of larger amounts of non-federal funds. This leveraging of the federal contribution is consistent with the Administration's efforts to achieve social goals through volunteerism and private sector initiatives.

Without federal funds, market forces could move public broadcasting toward programming of the type found in commercial broadcasting, thus defeating the purposes of the public system and forcing commercial-type funding initiatives. For these and other reasons, no national public broadcasting system we are aware of operates without government funds. (And we do it in America at a fraction of the cost paid by other governments.) Thus, the OMB proposals appear to constitute an experiment with the American public broadcasting system that has no precedent of success elsewhere.

Our system is a unique national treasure that is greatly valued by substantial numbers of our citizens. We believe it is worthy of preservation in its present form. Accordingly, we urge you to reject these dangerous new OMB proposals.

On behalf of the Corporation for Public Broadcasting, I respectfully appeal the new OMB proposed funding levels for CPB and request funding at the $264.1 million level for FY 1989 as originally requested.

Sincerely,

Donald E. Ledwig
Vice President and Treasurer

CORPORATION FOR PUBLIC BROADCASTING

Funding Status FY 1987 - FY 1991

($ Millions)

Year	S. 1084	H.R. 3217	H.R. 3128[1]	Administration 2/13/85	Administration 12/10/85	Appropriation
1987	$200	$ -	$200	$186	$200	$200
1988	214	220	214	214	170 [2]	214
1989	228	246	238	246	130	-
1990	244	283	254	283	90	-
1991	-	-	-		60	-

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[1] Reconciliation Act about to be passed.

[2] $44 million rescission to be requested.

LETTER FROM DONALD E. LEDWIG

December 31, 1985

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

The Corporation for Public Broadcasting (CPB) has been notified that the Office of Management and Budget (OMB) intends to propose an appropriation of $130 million for FY 1989 instead of the $264.1 million requested by the Corporation. OMB intends to include this amount in your FY 1987 Budget since CPB is funded in advance by law.

In addition, we have been informed that OMB will seek a $44 million rescission of our FY 1988 appropriation, reducing that funding level to $170 million. Finally, we have been told that the Administration will reverse its current policy and will seek to phase out federal support for public broadcasting along a declining funding line to $60 million by FY 1991.

These proposals appear to be disproportional even to the reported requirements of the Gramm-Rudman-Hollings law. We appealed them to OMB's Director on December 16, 1985. Our appeal was denied on December 27, 1985 without granting CPB a hearing to present its case on behalf of public broadcasting.

We believe OMB's proposals are inconsistent, unrealistic, and damaging. Accordingly, we have no alternative but to appeal this matter directly to you.

The following recent actions by the Administration and the Congress are in conflict with the OMB proposals:

1. The Director of OMB gave CPB formal written notice on February 13, 1985 of the Administration's plans for increased federal funding for public broadcasting through FY 1990.

2. Legislation was passed by Congress last year and this year that provided increased funding for CPB to $200 million in FY 1987 and to $214 million in FY 1988. Senator Goldwater's bill, S.1084, to authorize CPB's appropriations through FY 1990 has the unprecedented co-sponsorship of 74 other Senators.

3. You signed into law CPB's appropriations for FY 1987 and FY 1988, the last one on December 12, 1985 and each with increased funding levels.

These actions were taken after extensive consideration and debate of the issues involved and with full knowledge of the budget constraints facing the Nation.

The Corporation deeply appreciates these actions by you and the Congress. I believe the American people do too.

If the new OMB funding proposals are not revised upward, they will reopen the national debate that was just concluded so decisively in favor of increased federal funding for public broadcasting. Accordingly, we advised Mr. Miller in our appeal of the consequences that would flow from phasing out federal funding. For example, OMB's proposals would:

1. eliminate the financial foundation of a national public telecommunications system that has been able to build on the federal base and currently generates approximately $800 million in non-federal dollars. That system now employs more than 13,000 people and includes the participation of approximately 4.6 million citizens who contribute funds to public broadcasting and 232,000 others who volunteer their time. The results of this effort are heard by 9 million radio listeners and seen by about 100 million television viewers each week;

2. eliminate CPB support for our stations, which are also an integral part of our nation's educational system;

3. eliminate major efforts over the past three years to improve the reading, science, and math skills of our elementary school children. Programs such as Reading Rainbow, 3-2-1 Contact, and an upcoming math series are responding successfully to major national educational challenges which, if met, will help ensure this country's long-term security and progress;

4. eliminate CPB support for one of public broadcasting's most unique capabilities--to reach out and jointly aid in solving major social problems. For example, the award-winning program, The Chemical People, dealt effectively with drug abuse. Mrs. Reagan's gracious appearance on this program underscored the successful coordination of private initiatives, federal funding, and public broadcasting which were used so effectively to attack this problem. Similarly, your letter of December 9, 1985, expressing your commendation and thanks for the ABC and PBS commitment to the struggle against illiteracy, highlights our special capability to serve the public interest. We are a major funder of these efforts; and

5. eliminate CPB funded major dramatic, cultural and public affairs programming--such as American Playhouse, the MacNeil/Lehrer Newshour, and radio's All Things Considered, which experience has proven will not be offered by the private sector alone. Such programs form the core of the PBS and National Public Radio broadcast schedules.

In summary, the OMB proposals would abandon support for an American cultural and educational resource just as it sees hope of recovering from the effects of earlier depressed funding levels. Further, it would undermine our ability to make long-term commitments in the important areas outlined above, including the ones you support so strongly.

We maintain that it is unrealistic for OMB to expect that funding from other public and private sources of income will replace federal funding of public broadcasting--or will serve the same purpose as federal funds. As the Congressionally mandated Temporary Commission on Alternative Financing for Public Telecommunications concluded in its 1983 report, "There is no substitute for continued federal support." Yet, under OMB's proposal, funding from private and other public sources would have to increase substantially over what it has been in recent years and there is no evidence to support that happening.

In America, the federal government contributes only a fraction of the cost paid by other governments for public broadcasting. For example:

NATIONAL GOVERNMENT SUPPORT FOR PUBLIC BROADCASTING

Country	Year	Total in Billions	Per Capita
Japan	1982	$1.200	$10.00
United Kingdom	1982	1.000	18.37
Canada	1983	.500	22.61
United States	1983	.164	.69

Federal funding plays a critical leadership and catalyst role that makes possible the aggregation of larger amounts of non-federal funds. This leveraging of the federal contribution is consistent with your efforts to achieve social goals through volunteerism and private sector initiatives.

Without federal funds, market forces could move public broadcasting toward programming of the type found in commercial broadcasting, thus defeating the purposes of the public system and forcing commercial-type funding initiatives. No national public broadcasting system operates without government funds. Thus, the OMB proposals appear to constitute a dangerous experiment with the American public broadcasting system that has no precedent of success elsewhere.

Our system is a unique national treasure that is greatly valued by millions of our citizens who appreciate quality programs. We believe it is worthy of preservation in its present form by this Administration.

On behalf of the Corporation for Public Broadcasting, I respectfully appeal the new OMB proposed funding levels for CPB and request funding at the $264.1 million level for FY 1989.

I ask you to act now to prevent an historic reversal of your Administration's current policy of support for public broadcasting.

Sincerely yours,

Donald E. Ledwig

Donald E. Ledwig
Vice President and Treasurer

LETTER FROM JOSEPH R. WRIGHT, JR., DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

February 3, 1986

Ms. Sonia Landau
Chairman of the Board
Corporation for Public Broadcasting
1111 16th Street, N.W.
Washington, D.C. 20036

Dear Ms. Landau:

We have received from the White House your budget appeal to the President, and I have been asked to respond.

As I am sure you know, with the new Gramm-Rudman-Hollings law on the books we are all living now in a somewhat different budgetary world. We are mandated to reach specific maximum deficit targets for five years in succession, and thus outyear spending projections have more meaning than ever before. The C.P.B. is forward funded, of course, and is a case where restraint now will yield savings in 1988 and 1989, when the deficit targets will be even tighter than they are in 1987.

There is simply no good alternative to spending restraint virtually across the board, and that is the course that the President has chosen. The result - in the form of an assured reduction of the deficit - will show up in an improved performance of the economy, which will benefit all the people. I trust you will understand that the President has been consistent in turning down most appeals, and not just yours.

Sincerely,

Joseph R. Wright, Jr.
Deputy Director

LETTER FROM JOSEPH R. WRIGHT, JR., DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

FEB 27 1986

Honorable Martin Rubenstein
President
Corporation for Public
  Broadcasting
Washington, D.C. 20036

Dear Mr. Rubenstein:

The transmittal of the 1987 Budget to the Congress marks an important step in the President's program to eliminate budget deficits while ensuring efficient delivery and administration of necessary Government services and programs. The reduced levels for 1986 resulting from the Balanced Budget and Emergency Deficit Control Act of 1985 are indicative of the further restraints necessary in future years. In this connection, you are by now aware that the 1987 Budget meets the deficit target of $144 billion specified in that Act. I want to thank you for your continued cooperation in implementing the President's program and for your help in preparing the budget documents.

The enclosure to this letter provides ceilings for your agency. The 1988 and 1989 budget ceilings and multi-year planning ceilings (for 1990-1991) for budget authority, along with outlays related to these ceilings, are included in Enclosure A. (Additional details for the current and budget years are shown in the Budget Appendix and "Budget by agency and account" of the Budget.) These are the amounts within which your activities should be planned for the period 1987-1991. No increases should be contemplated unless they are required because of circumstances beyond the agency's control.

The President needs your support for his policies and is depending on you to manage your resources prudently and to ensure that Federal responsibilities are carried out in an effective and efficient manner.

Sincerely yours,

Enclosure A

Corporation for Public Broadcasting
Budget and Multi-year Planning Estimates
($ in thousands)

	1986	1987	1988	1989	1990	1991
Budget Authority	159,500	200,000	170,000*	130,000	90,000	60,000
Outlays	159,500	200,000	170,000*	130,000	90,000	60,000

Details concerning the derivation of current and budget year totals are shown in the Budget Appendix and in the "Budget by agency and account" of the Budget. Details concerning multi-year totals can be provided by staff of this Office.

*Assumes enactment of $44 million rescission.

BUDGET REQUEST

Question. Mr. Rubenstein, the Corporation for Public Broadcasting's request is $238 million, an increase of $24 million, or 11 percent above last year's appropriated amount of $214 million. What is that 11 percent increase going to buy?

Answer. Of the proposed increase of $24 million, slightly over 50% ($12.2 million) will be distributed to public television stations in the form of increased Community Service Grants (CGSs). Another $4.1 million will be allocated to support national program production for television. $5.3 million of the increase will be allocated to public radio, with about $5.1 million going to the stations for Community Service Grants and national programming grants. The remainder will be held by CPB to support innovative national programming projects. The final $2.4 million will be spent by CPB directly on training grants, instructional television projects, research and planning activities and its own administrative activities.

Question. Do you think that $238 million is sufficient to maintain a current services level of operations?

Answer. No, sir, I do not. Our own estimate of federal funding needs in FY 1989 just to maintain FY 1982 levels of service is in excess of $288 million. As you can see, CPB has considerably scaled back its funding requirements to meet the authorized level of funding for that year.

ADMINISTRATIVE EXPENSES

Question. The Public Broadcasting Act provides you with up to 5 percent of your appropriation for administrative purposes. Based on the $238 million request, administrative expenses should not exceed $11.9 million. How many people are employed by the Corporation?

Answer. At present, CPB has 100 positions authorized from appropriated funds, and another 16 positions paid out of restricted and contract funds.

Question. What portion of administrative expenses is allocated to personnel compensation?

Answer. In FY 1986, 58.9% of our administrative budget is allocated for compensation, including benefits.

Question. The administrative budget will also proportionately increase by 11 percent, or $1.2 million. How will that additional funding be used?

Answer. It is anticipated that the increase of $1.2 million will be used for increased costs of rent, computer facilities and supplies and to fund salary adjustments. It is not yet clear if all $1.2 million will be required.

FUNDING - FEDERAL AND STATE MATCH

Question. On several occasions the statement has been made by some broadcasters that "it would be impossible to secure state appropriations without the promise of the federal match." Would you comment on that statement?

Answer. It may not be impossible to obtain state funding in the absence of federal funding, but it would certainly be very difficult. Each source of support -- subscribers, corporations, foundations, federal -- reveals a commitment from a different segment of our society and economy for the values inherent in public broadcasting. The level of support received from each reinforces to others the value of public broadcasting.

On a more practical level, however, our unrestricted grants to state government and state university licensees include a condition of eligibility: that state support not be displaced by the federal contribution. This requirement has often helped stations to argue successfully against proposed reductions in state government appropriations. Without the incentive of maintaining the level of federal support as a counterweight, state legislatures might cut funding more readily.

EFFECT OF REDUCED FEDERAL FUNDING

Question. Currently federal funding makes up only 20 percent or less of total public broadcasting revenues.
How much of a problem would reducing and eventually eliminating federal funding create for public broadcasting, especially if other revenue-raising efforts are stepped up?
What has the Corporation done to explore alternative sources of revenue in light of the possibility that federal funds may cease?

Answer. The impact of reducing federal funding for public broadcasting on the services offered to the American viewing public far exceeds the share of total public broadcasting resources represented by federal funds. A substantial portion of all federal support is committed to programming, while other sources of support fund much of the infrastructure of public broadcasting. Thus any reduction in federal funding will result in a highly visible impact on the programming offered.

For individual public broadcasting stations and various related organizations to raise, from sources other than the federal government, additional income equivalent to the current federal contribution might be possible, but merely finding an equal sum of money elsewhere is not the real question.

Income raised from any source carries with it more or less specific purposes to which the funds can be applied. No income from any potential funding source other than the federal government carries with it the commitment to foster universal nationwide access to public broadcasting program services. That means support for both the development and operation of stations, and the production and distribution of programming that these stations may broadcast.

The federal contribution supports only a small share of these station operations and programming development activities, but it is used -- and is intended to be used -- in very targeted ways to support the widest possible extension of public broadcasting program services to the American public. In this regard, the federal government is unique among public broadcasting's funding sources.

The Corporation was created to apply the federal contribution to the uses for which it is intended. Its principal role is to dispense the federal funds, not to substitute other funds for the federal contribution. CPB has therefore not focused its attentions on alternative sources of revenue for its activities. It has, however, worked with the public broadcasting stations to expand and diversify their own sources of income.

FUNDING - OTHER THAN FEDERAL AND STATE

Question. The Corporation for Public Broadcasting (CPB) has had some time now to review the experience in broadcasting regarding "enhanced underwriting" and other kinds of broadcast advertising. How has this experience helped in financing the cost of programming at CPB and the local level? What has been your experience with corporate sponsors? How about voluntary public contributions? Has that increased or decreased in the past year?

Answer. The experience of stations with the use of "enhanced underwriting credits" has no direct effect on CPB's funding of program production. At the local level, it is difficult to get an overall view of the experience because of the very substantial differences among stations in the kinds of underwriting credit messages they broadcast.

Looking simply at aggregate income from business and industry sources, however, the impact of "enhanced" underwriting credits appears to have been negligible during Fiscal Year 1985, the first full year after their use was authorized. A far greater change in the rate of growth for income from business and industry occurred during FY 1983. Many stations, however, made no significant change in their policies on the content of underwriting credits until late in FY 1985, so any impact may not appear until data for FY 1986 are available.

Several corporate underwriters for national program production have expressed concern about the adjacency of their underwriting credits with those of businesses that make "general support grants" to individual stations. The appearance of "clutter" and occasional incompatibilities of tone and production values have led some of these national underwriters to warn stations that they will reconsider their support for program production if the problem situations continue to multiply.

Voluntary public contributions from subscribers continued to grow during FY 1985, increasing by $30.5 million to $223.4 million. More recent experience this last winter (when pledges dipped slightly from the levels a year before) has suggested some cause for concern about the effectiveness of on-air fund raising. Other audience fund-raising methods such as direct mail and telemarketing, however, show promise of fully compensating for any exhaustion of the traditional on-air "marathon."

NATIONAL PUBLIC RADIO FUNDING

Question. A new method of funding public radio stations was proposed and recently approved by the CPB management. As proposed, the new funding plan allows public radio stations to have greater flexibility and control over their programming. Could you comment briefly on the basis as well as the purpose of the plan? How will national public radio be affected by this new pass-through funding method? Will restructuring the way public radio funds are received from CPB affect the types of programs the listening audience can expect to hear? In what ways?

Answer. CPB has increasingly delegated to stations greater responsibility for national programming by giving them increased CSGs. CSGs are to be used "primarily for programming," and as as the CSG payments have increased, a public radio marketplace has developed. If this marketplace continues adjusting to public radio needs, it could serve as the means by which CPB fulfills its responsibility of ensuring that high quality, diverse programming is made available.

Considering the level of stability and sophistication demonstrated in recent years by the public radio stations, e.g., their full funding of the interconnection system and their full funding of NPR's debt, considering CPB's general practice of delegating greater resources to the stations and considering the developing marketplace for public radio programming, CPB determined that it was appropriate to modify its approach to funding national radio program production.

In FY 1987, of the 29 percent of radio funds allocated to national program production, CPB will distribute 22 percent of the funds as National Program Production and Acquisition Grants. These funds would be dispersed directly to stations according to the same formula and on the same payment schedule as CSGs but would not be considered CSGs. They would be exclusively for use in the acquisition and promotion of or production, promotion, and distribution of national programming of high quality, diversity, creativity, and innovation with strict adherence to objectivity and balance in all programs or series of a controversial nature.

Historically, CPB has determined with national program funds the type of programming to be produced and the producer. Under this alternative method of funding, CPB will broaden the station's discretion by permitting them to choose both the program type and the producer, so long as they use the funds for national programming. Nonetheless, CPB would retain discretion to determine acceptable uses of these funds. CPB will annually evaluate this plan and adjust funding allocations to assure statutory obligations are met.

CPB also determined that the remaining 7 percent be reserved by CPB for the creation of a fund for innovative programming, i.e., programming that serves an important purpose in the system but which initially may not attract sufficient funds in the marketplace to succeed.

Under this mechanism, stations may choose to purchase programming directly from National Public Radio. NPR's programming and budget will, therefore, be more directly responsive to stations' programmatic needs.

FY 1987 will be the first year of operating under this plan. The only change anticipated in NPR's major program vehicles of "All Things Considered" and "Morning Edition" is an expansion of the latter to include a Sunday broadcast.

BOARD MEMBERS

Question. Five (5) Board Members' terms expired as of March, 1986, decreasing the Board size from 10 to 5. How has the absence of 5 members affected the ability of the Board to carry out its duties? When do you expect the 5 board positions to be filled?

Answer. On March 26, 1986, the terms of five members of the CPB Board of Directors expired, leaving five members. The Public Broadcasting Act of 1967, as amended, states "Any vacancy in the Board shall not affect its power, but shall be filled in the manner consistent with this chapter." [47 U.S.C. Sec. 396 (c)(6)] Pursuant to the Corporation's authorizing statute, the Board has continued to function as it did prior to the expiration of the five terms. The vacancies have not affected the ability of the Board to carry out its duties. Management has continued to keep the Board apprised of matters requiring the directors' attention and is preparing for the next Board of Directors meeting which will be held May 15-16, 1986.

The Public Broadcasting Act of 1967, as amended, also states "The Corporation for Public Broadcasting shall have a Board of Directors ... consisting of 10 members appointed by the President, by and with the advice and consent of the Senate." [47 U.S.C. Sec. 396 (c)(2)] At this writing, the President has announced his intention to nominate Sonia Landau and Ken Towery to fill two of these vacancies. We have no information about the President's intentions for the remaining vacancies. We are hopeful that the Senate Commerce Committee will move expeditiously at such time as it receives a sufficient number of nominations to schedule confirmation hearings. We do not know when the nominations process will be completed.

TV PROGRAMMING

Question. Funding of television program production comprises approximately 17 percent of your budget, or $40.2 million. On what areas of programming will you be focusing?

Answer. The CPB Board of Directors reviews and establishes programming priorities for the Program Fund annually. Seven individual panels representing public broadcasting, convened annually, give us the benefit of their particular expertise and make recommendations on program priorities which will meet system and audience needs. Staff recommendations to the Board are based on the input received from these groups.

In recent years, children's programming has been the number one priority of the Board, followed by public affairs and drama, in that order. In response to those program priorities, the Program Fund has undertaken various new programming efforts, including:

Children's Programming

Owl Television - A video magazine series for children aged 6 to 12 presenting nature, environmental and conservation information.

Beezus and Ramona - A series of dramatic programs based on Beverly Cleary's best-selling children's books about a spunky, irrepressible young heroine and her "sometimes up, sometimes down, but always sticking-together" family.

CTW Math Series - Series designed to teach cognitive math skills to children 6 to 12 years old.

Public Affairs

Mexico - Three 60-minute programs looking at Mexico past and present -- its broad cultural and historical heritage, how it went from economic prosperity to collapse in 1982, and the efforts of the current government to provide economic growth.

Essays on the Constitution - A proposed six-part documentary series examining the meaning and effectiveness of the Constitution, still a living document 200 years after it was written.

National Public Television Outreach Alliance - Outreach programming, a unique public television approach to addressing major national social problems, composed of a highly-promoted documentary television program coupled with an elaborate plan to motivate community action.

Drama

Roanoak - A three-part dramatic mini-series which recreates the historic first contact between Native Americans and English explorer-settlers between 1584 and 1590, introducing audiences to the earliest origins of our nation.

Corridos - A 60-minute dramatic presentation of traditional Mexican-American ballads which act as self-portraits of an entire people.

Question. What are your priorities in the area of children's and educational programming?

Answer. Our approach has three major priorities:

The first is to continue CPB support for three highly successful series: 3-2-1 Contact, Reading Rainbow, and Wonderworks. Anticipating success of CTW's math series, we can provide additional funding for more episodes.

Our second priority is to develop new children's program services. Preliminary research indicates that weekend television programming has potential. One has only to look at the type of programming available to children on weekends from the commercial stations to appreciate the need for alternative broadcasting.

And, finally, CPB has been working with the public television system to improve and expand elementary and secondary programming and other services to schools, looking at opportunities and requirements in the social studies and the sciences.

FUNDING - COMMERCIAL ACTIVITIES

Question. The Corporation for Public Broadcasting's authorizing legislation encourages public stations to use surplus capacity and facilities to generate additional revenue to supplement the federal funding base. Income derived from such commercial activities falls under "unrelated business income" and consequently a portion is refunded to CPB in an amount equal to the unrelated business income tax paid. Does this refund to the Corporation act as a disincentive for public broadcasters to generate additional revenues either through this or other "unrelated business" revenue producing ventures?

Answer. The Conference Report (House Rept. 99-453) to accompany H.R. 3128, the Consolidated Omnibus Budget Reconciliation Act of 1986, referred to the conclusion of the Temporary Commission on Alternative Funding (TCAF) which states that this refund provision is "a barrier to increased entrepreneurial activities by public broadcasters. The Conference Committee agrees that the additional generation of revenues should be encouraged and adopts TCAF's recommendation to repeal the unrelated business income tax provision." H.R. 3128 was signed into law (P.L. 99-272) on April 7, 1986.

The Corporation agrees with the Conference Committee and TCAF that the refund provision is a disincentive. It is pleased that the provision has been repealed, effective for Fiscal Year 1986.

Each year since 1981, when the provision was adopted, CPB has seen a small increase in the stations reporting income from commercial activities and a resulting increase in the taxes paid. We expect that with repeal of the double taxation more stations will be encouraged to augment their revenue by diversifying their activities.

BROADCASTING EQUIPMENT

Question. In testimony at previously held congressional hearings, substantial concern was raised regarding the growing depletion of broadcasting equipment on which public broadcasting is dependent for the transmission of the programming. What plans are being considered by CPB to address the primary problem?

Answer. CPB endorses the appropriation to NTIA for the Public Telecommunications Facilities Program. That is the primer that gets states and local funding sources to appropriate matching funds for public broadcasting.

CPB directly funds the purchase of satellite receiving equipment and depreciation costs for the PBS interconnection system. CPB recently agreed to purchase public radio's satellite transponder to reduce station operating costs for capital equipment.

CPB community service grants can be used for capital items. In 1987, stations will receive almost a $30 million increase (to $133 million) in these funds which can assist stations in this area.

BOARD MEMBERSHIP

Question. Mr. Rubenstein, I understand the Corporation's Board canceled its last two meetings because it didn't have enough members to conduct business. Is this correct?

Answer. The Board convened a Special Telephonic Meeting, open to and attended by members of the public, on March 21, 1986, and amended a Board Resolution establishing meeting dates for FY 1986, by deleting reference to the April 3-4, 1986 Board meeting. This is the only Board meeting that has been canceled. The last Board meeting was held January 29-31, 1986. No meeting had been scheduled for either February or March, 1986. The rationale for eliminating the April meeting was the likelihood that the five vacancies on the Board as of March 26, 1986, would not be filled by April 3, and the fact that one other Board member would not be able to attend the April meeting. Thus, a maximum of only four Board members would have been available for the April 3-4 meeting, during which the major item for consideration would have been CPB's FY 1987 operating budget. Although the Board could have conducted business with only four members present, a majority of the Board believed it would be imprudent and inappropriate for as few as three members (a quorum in a Board of five members) to consider such an important document as the Corporation's budget. Since the next meeting of the Board was scheduled for May 15-16, 1986, the Board decided it would be advisable to wait until then to consider the budget, when all five of the current Board members would be present.

Question. What is the status of these vacancies? Has the President proposed any nominees yet?

Answer. The President announced his intention to nominate for a second term Sonia Landau and Ken Towery to be members of the CPB Board of Directors for terms expiring March 26, 1991. At this writing, no other nominations have been made to fill the remaining three vacancies.

Question. How are policy decisions being made without the Board?

Answer. The Public Broadcasting Act of 1967, as amended, states "Any vacancy in the Board shall not affect its power, but shall be filled in the manner consistent with this chapter." [47 U.S.C. Sec. 396 (c)(6)] Pursuant to the Corporation's authorizing statute, the Board is continuing to function with five members and to provide all necessary policy decisions. Management has continued to keep the Board apprised of matters requiring the directors' attention and is preparing for the next Board of Directors meeting which will be held May 15-16, 1986.

Question. What about your fiscal 1987 budget. Has it been adopted?

Answer. Our fiscal 1987 operating budget has not yet been adopted. It is scheduled to go before the Board at its May 16 meeting.

Question. Are funding decisions being made without Board approval?

Answer. No funding decisions are made in the absence of a Board approved operating budget. The budget for Fiscal Year 1986 was adopted by the CPB Board last March. Funding decisions are being made this year pursuant to that budget.

Question. The Board's next meeting is scheduled next month, I understand, on the 15th and 16th. Do you expect all the current vacancies to be filled?

Answer. To date, the President has announced his intention to nominate Sonia Landau and Ken Towery to fill two of the five current vacancies. We have no information about his intentions for the remaining vacancies. At such time as a sufficient number of nominations have been presented to the Senate Commerce Committee, we expect that the Committee will schedule confirmation hearings. We do not know when this process will be completed.

MINORITY HIRING

Question. The percentage of minority employees throughout the system has increased very, very slightly over the past few years, Mr. Rubenstein, going from 14.3% in 1981 to 15.1% in 1985. Can't you do better than this?

Answer. Frankly, Senator Proxmire, we are proud of our record of minority participation in public broadcasting. Public broadcasting organizations have kept pace with the performance of the commercial broadcasting industry in minority employment at a time when total employment in the commercial sector was growing at almost twice the rate at which it grew in public broadcasting. Public broadcasting has seen little growth in its work force in the last few years. Between 1981 and 1985, the total public broadcasting work force rose only 5.9 percent (687 persons). Work force growth occurred primarily because new stations became qualified for CPB funding.

Public broadcasting licensees are autonomous entities. Individual stations and their licensees make decisions on employment, independent of CPB. The Corporation's role has been to monitor public broadcasting employment profiles, make recommendations and provide services that may help improve work force diversity. Towards that end, CPB offers a variety of services to stations and individuals that include employment outreach, job and career information and highly competitive training opportunities. Progress made during the past five years in minority employment in public broadcasting has occurred because of the efforts of individual stations and CPB assistance.

The Corporation is pursuing a course of action that has resulted in present gains. If those actions are sustained, percentage of minority employees should continue to improve.

Question. Did the Corporation withhold federal funds to any station last year because it was determined that their hiring practices were discriminatory?

Answer. No.

CORPORATION FOR PUBLIC BROADCASTING

Question. Mr. Rubenstein, it's been reported that the Corporation has hired a public relations firm to help restructure your public information office. What's wrong with the present structure?

Answer. There is a vacancy in CPB's Corporate Communications Office, the incumbent vice president having submitted his resignation before I was appointed President and CEO. Since I was presented with this vacancy in a key slot, I turned to a public relations professional with whom I had worked successfully in the past to analyze CPB's communications needs and report back to me on what needed to be done, if anything.

The press reports to which you refer weren't exactly on target. It is not so much a question of structure of the public information office, but of the types of activities and the emphasis each activity deserves in order to communicate CPB's mission.

I am reviewing my colleague's assessment of CPB's communications needs and am proceeding with a search to fill the vacancy of the Vice President, Corporate Communications.

Question. Does public broadcasting have a public image problem?

Answer. To those viewers and listeners familiar with public broadcasting, no, the industry doesn't have an image problem. But nationally, when you consider the potential audience for the excellent programs we provide, yes, I think we have an image problem. Public broadcasting is one of the nation's best-kept secrets.

We're part of the broadcasting industry, a highly publicized industry, but public broadcasting does very little to promote itself and its product.

With new leadership in CPB's corporate communications, we'll do everything within our means to promote public broadcasting's fine product. We're public service broadcasting, and we have an obligation to let the public know we're here to serve them.

NATIONAL PUBLIC RADIO

Question. Has the Corporation adopted National Public Radio's new business plan?

Answer. No. See answer to next question.

Question. Can you tell us briefly how it differs from NPR's former business plan?

Answer. In FY 1987, of the 29 percent of radio funds allocated to national program production, CPB will distribute 22 percent of the funds as National Program Production and Acquisition Grants. These funds would be dispersed directly to stations according to the same formula and on the same payment schedule as CSGs but would not be considered CSGs. NPR proposed that these funds be distributed in the form of CSGs. Under CPB's plan, the funds would be exclusively for use in the acquisition and promotion of or production, promotion, and distribution of national programming of high quality, diversity, creativity, and innovation with strict adherence to objectivity and balance in all programs or series of a controversial nature.

Historically, CPB has determined with national program funds the type of programming to be produced and the producer. Under this alternative method of funding, CPB will broaden the station's discretion by permitting them to choose both the program type and the producer, so long as they use the funds for national programming. Nonetheless, CPB would retain discretion to determine acceptable uses of these funds and evaluate the plan's performance on an annual basis.

CPB also determined that the remaining 7 percent be reserved by CPB for the creation of a fund for innovative programming, i.e., programming that serves an important purpose in the system but which initially may not attract sufficient funds in the marketplace to succeed. This is consistent with the NPR business plan.

Question. I understand National Public Radio's second largest station intends to withdraw from the system because of high membership fees and because NPR programming is available on other area stations. How widespread is this problem? Are other stations leaving?

Answer. Currently, of the 289 CPB CSG-qualified stations, approximately 30 have chosen not to be members of NPR. The reasons include cost and/or lack of need or interest in NPR programming and/or representation services. Under the revised method of funding public radio, it is estimated that another 15 stations will choose to discontinue NPR membership, primarily for budgetary reasons. This possibility was anticipated in NPR's Business Plan and reflected in NPR's calculations of FY 1987 station fees.

At the same time that stations in some multistation markets are choosing not to be NPR members, many new stations are joining and even more stations are choosing associate or auxiliary membership for the purpose of buying and using NPR programs. NPR currently has over 300 stations in its membership rolls.

Question. How many other providers of public radio programming are there?

Answer. There are many providers of public radio programming. The following account for 91 percent of stations' sources for national programming:

National Public Radio
American Public Radio
WFMT Radio Syndication Service
Seaway Productions
WCRB Productions
Parkway Productions
Longhorn Radio Network
Associated Press
United Press

Question. Why are NPR's membership fees apparently so high? How much money are we talking about?

Answer. Fees are "apparently so high" because of the change in the flow of funds. For all practical purposes, this is a zero sum transaction except for new initiatives and inflationary increases approved by the NPR Board after extensive consultation with stations.

In FY 1987, NPR plans to bill its members $15.8 million for programming, station services and representation. Stations will be billed an additional $2.2 million for distribution services. Station billings, therefore, will represent $18 million out of NPR's proposed revenue budget of $25.8 million and the remainder from outside sources.

The FY 1986 revenue budget is currently $25.9 million. Stations will pay approximately $7 million (including debt payment) and CPB will pay $11.3 million from FY '86 funds.

In FY '87, CPB will take most funds currently going directly to NPR and send them to stations. Stations will pay NPR directly for programs.

IMPACT OF PROPOSED TAX REFORM

Question. Public broadcasting receives a substantial amount of its support from the small contributor. Do you have any concerns that these gifts might dry up if the proposed tax reform bill becomes law?

Answer. Public broadcasting is concerned that any disincentive for the public to make voluntary contributions to nonprofit institutions will affect us adversely.

CONTRACTUAL DELAYS

Question. What about the delay in production contracts. I've heard that it often takes the Corporation six to nine months to complete these contracts. Why does it take so long? Your bureaucracy isn't that large.

Answer. Some of the delays I consider unacceptable. Business affairs in broadcasting is my background. I am moving to remove unnecessary delays while not destroying prudent business practices.

While some production contracts may take up to six to nine months to finalize, the bulk of CPB's contracts and grants are processed in less time. Delays that do occur are attributable to a number of factors, usually difficulties encountered by the recipient in satisfying contractual preconditions, such as obtaining adequate program rights, securing additional funders and resolving contractual issues affecting the rights and financial elements of the project, to name a few.

The Corporation takes seriously its stewardship responsibility for the taxpayer-derived funds entrusted to it by Congress and insists on conducting its business affairs in a prudent and financially responsible manner. CPB expects the same of its recipients. Although some recipients may regard some of CPB's practices and policies to this effect as being unnecessary, CPB regards them as being essential and necessary.

Question. What are your program plans for 1987 and 1988? Please outline your program and station commitments.

Answer. The first priority of the Program Fund for FY 1987 and 1988 is the continued support of the major program series -- *Wonderworks*, *Frontline*, *American Playhouse*, *Great Performances* and *The MacNeil/Lehrer NewsHour*. These series provide stability to the public television schedule and also help to mainstream many of the minority programs funded through CPB's Open Solicitation of proposals. Each of these series is governed by a consortium of public television stations whose representatives sit on governing boards and artistic or editorial advisory committees which comprise the decisionmaking bodies. Moderate increases for each of these series are planned in FY 1987 in an effort to allow the producers to maintain control of coproductions, explore new areas, and provide essential lead time in developing future season projects.

A second priority of the Program Fund is the continuation of the Open Solicitation process. Through this process, we comply with mandates for diversity and innovation in programming. Funds allocated to Open Solicitation are the largest pool of discretionary monies available to public television for program production, and the only major financial source independent producers and public television stations can draw upon to meet program needs during any given year.

Continued support for a recent new outreach programming initiative is also proposed for 1987 and 1988. Outreach programming is a unique public television approach for addressing major national social problems. It is composed, in equal parts, of a highly promoted documentary television program coupled with an elaborate plan to motivate community action. Last year a group of public television station licensees developed a plan to formalize this structure to enable the public television system to mount one or two national campaigns per year. *The Chemical People* is a noteworthy example of the kind of programming we hope to generate through our support of this effort.

Subject to the availability of resources, other new initiatives we would like to undertake in 1987 and 1988 include:

- A proposed $10 million 'challenge' fund for the production of high-visibility, limited program series. CPB funds in support of this project would be matched 1:1 by the public television stations across the country. Program content would vary from series to series;

- A proposed major new history strand that would result in a prime time series for the public television schedule which would celebrate American cultural achievements as they manifest themselves in its history, literature and art; and
- As a result of recent research activities into children's programming, a new program effort targeted at children 6 to 12 years old for probable use by public television stations on the weekend, particularly Sundays, is proposed as a means of providing new and exciting programming of high quality and educational value to America's children.

Public television stations and independent producers around the country would be eligible to participate in any of these proposed initiatives, and panel of outside experts would be utilized in the decisionmaking process.

Question. Currently in the Commonwealth of Pennsylvania there are 7 public broadcasting stations. How will the funding appropriated be used in the state?

Answer. There are 13 public radio and television stations in Pennsylvania. In FY 1986, the stations received a total of $4,585,432 in grants as follows:

RADIO	
Community Service Grants	$559,287
TELEVISION	
Community Service Grants	$3,823,283
Satellite Interconnection Grants	$202,862

The Television Interconnection Grants were used toward the support of the public television satellite program delivery system. The Community Service Grants are unrestricted. Stations indicate that the grants are used primarily for program acquisition and production.

Following is a list of the Pennsylvania stations that received grants from CPB during FY 1986:

TELEVISION

WLVT, Bethlehem
WQLN, Erie
WITF, Harrisburg
WHYY, Philadelphia

WQED, Pittsburgh
WVIA, Scranton
WPSX, University Park

RADIO

WQLN-FM, Erie
WITF-FM, Harrisburg
WHYY-FM, Philadelphia
WDUQ-FM, Pittsburgh
WQED-FM, Pittsburgh
WVIA-FM, Scranton/Wilkes-Barre

Question. What is the status of the minority training program at the Corporation for Public Broadcasting?

Answer. The Corporation sponsors projects providing opportunities for professional development and training which enhance the management and professional capacity of the public broadcasting system. Minorities, women and other individuals underrepresented in the public broadcasting work force are included in all CPB-sponsored training. Of the training offered, CPB sponsors opportunities specifically designed to attract and retain minorities and women. In its Human Development Program, training under the following projects are offered annually, as funding is available.

Regional Training: Two to three day seminars are conducted at various locations. Topics cover management, production techniques, marketing, computer skills and proposal development, among others.

Radio Skills Training: Nationally respected broadcasting organizations design and deliver 3-7 day workshops on engineering, news reporting, production, audience research, programming uses and music recording.

Management Training: Two mid-management institutes and one executive management institute occur at prominent universities. Content is specifically tailored to meet the needs of the broadcasting constituency.

In-Service Training: Matching grants designed to provide in-house station level training for staff.

Long-term Training: The University of Ohio and Ohio State University each sponsor graduate degree programs for women and minorities in journalism and telecommunications.

National Public Radio conducts month long residencies for experienced public broadcasters at the NPR headquarters.

Minorities'/Women's Training Grants - a matching grant designed to expand job skills, these tailored grants feature training plans developed to individual and station needs.

Additionally, contractual agreements between CPB and training delivery organizations include the CPB policy on "Equal Opportunity and CPB Assistance." All requests for proposals specifically require inclusion of minorities and women. Particular attention is given to upgrading skills of minorities and women and to achieving diversity in the system.

NATIONAL COUNCIL ON THE HANDICAPPED

STATEMENT OF JUSTIN W. DART, JR., MEMBER

ACCOMPANIED BY:
LEX FRIEDEN, EXECUTIVE DIRECTOR
DR. LATHAM BREUNIG

OPENING REMARKS

Senator WEICKER. Our next witness is the National Council on the Handicapped [NCH], and my good friend, Justin Dart is going to present testimony. I know Lex Frieden, the Executive Director, and we have one other gentleman here; is that correct?

Mr. DART. Dr. Latham Breunig is also a member of the Council.

Senator WEICKER. Mr. Breunig, welcome to the committee.

Justin, are you center stage here for the group?

Mr. DART. For the time being, yes.

Senator WEICKER. Sandy Parrino, again, is of course greatly admired by this committee and the Subcommittee on the Handicapped. I think really, so many of these national councils are a lot of show and don't do anything. I think you are terribly blessed in the sense of, wonderfully blessed, rather, in the sense of Sandy and yourself, Justin, and Lex.

You have got a real great outfit here. The floor is yours. Maybe the best thing to do is just leave the room. [Laughter.]

We will double your appropriation.

Mr. DART. Mr. Chairman, it is an honor for me to be able to appear before your subcommittee again representing the National Council on the Handicapped. Our chairperson, Sandra Parrino, has been called to California on family business. She asked me to apologize to you for her and to substitute for her today.

Mr. Chairman, I would like to congratulate you again, you and your members and staff of your subcommittee on your continuing support for the human rights of disabled people. You have earned the profound gratitude and respect of the entire disabled community for your courageous representation of Americans with disabilities in what I consider to be a totally unequal battle for attention and for resources with hundreds of very powerful interest groups. We all appreciate it.

I would like to address my special thanks to each member of your committee and especially to your staff, to Jane West, Chris Button, Lani Florian, Lee Wallace, Steve Bongard, Mary Malaspina, Susan Gorman, Maureen Byrnes, and of course, we look forward very much to working with your new Director, Terry Muilenburg.

PREPARED STATEMENT

Mr. Chairman, Ms. Parrino has prepared a written statement for your committee, and I respectfully request that it be incorporated into the record. With your permission, I would like to ask Lex Frieden to summarize that report for you and to answer any questions that you may have.

I would like to mention that we in the Council are enormously proud of Lex. We feel that he has given his entire leadership. He has worked 60 and 70 hours, 7 day weeks, ever since he has come to Washington to lay a firm foundation for our newly independent Federal agency. We appreciate it.

Senator WEICKER. Justin, thank you very much. Sandy's statement will be placed in the record in its entirety, and Lex, why don't you proceed in synopsizing the chairman's statement.

[The statement follows:]

STATEMENT OF JUSTIN W. DART, JR.

Mr. Chairman and distinguished members of the Subcommittee, we appreciate the opportunity to appear before you on behalf of the National Council on the Handicapped to present our justification for a Fiscal Year 1987 budget request in the amount of $850,000.

This request is $118,000 more than our Fiscal Year 1986 post-sequestration appropriation. We feel that this increase is consistent with the fact that 1987 will be the first full year that our Council will be fully staffed, and have the capacity to operate at the level of our Congressionally authorized ceiling. Seventy-six thousand dollars of the increase is associated with higher personnel costs, including costs associated with a full staffing level. The remaining $42,000 is intended to cover increased travel and other support services which are needed by the Council to insure a sound operation and to effectively meet its Congressional mandate.

Last year when we came before the Subcommittee we highlighted the fact that it was an historic occasion because it was the first time the Council appeared as an independent Federal agency, due to the changes mandated by the Rehabilitation Act Amendments of 1984.

Again this year, we would like to acknowledge the symbolism and magnitude of today's testimony.

As you are well aware, Congress has charged the Council with reviewing all laws, programs and policies of the Federal government which affect persons with disabilities, and with making such recommendations as it deems necessary to the President, the Congress, the Rehabilitation Services Administration, and the National Institute of Handicapped Research.

Although many government agencies relate to the needs and concerns of people with disabilities, the National Council on the Handicapped is the only Federal agency with the mandated responsibility to address, analyze, and make recommendations on all issues of public policy which affect people with disabilities--regardless of age, disability type, employment potential, economic need, specific functional ability, status as a veteran, or other individual circumstances.

In response to a Congressional mandate, "to assess the extent to which [Federal] programs provide incentives or disincentives to the establishment of community-based services for handicapped individuals, promote the full integration of such individuals in the community, in schools, and in the workplace, and contribute to the independence and dignity of such individuals...," the National Council issued an extensive report titled, Toward Independence. It is with great pleasure that we present our report to you at this time.

Toward Independence summarizes the Council's findings and presents 45 legislative recommendations, reflecting the Council's consensus on the issues addressed. More than 2,000 persons with disabilities, parents of disabled children, professionals and service-providers in all of the fifty states were involved in the process of developing this report.

Toward Independence addresses ten topic areas of great importance: equal opportunity laws, employment, disincentives to work under Social Security laws, prevention of disabilities, transportation, housing, community-based services for independent living, educating children with disabilities, personal assistance (readers, interpreters and attendants), and coordination.

During FY 86 the Council began follow-up and monitoring activities regarding the 45 recommendations in the report; these included: briefings and forums with disabled persons, parents, consumer organizations, service providers, business leaders, Federal agency officials, and legislative leaders; consultations with Congressional staff and representatives of the disability community regarding proposed legislative initiatives; input and comments on proposed regulations; and program recommendations to Federal agencies. As you are keenly aware, considerable follow-up is required with an agenda of 45 legislative recommendations.

In conjunction with the report, the Council initiated the first-ever Harris Poll which was commissioned by the International Center for the Disabled in New York. The Harris Poll, "Disabled Americans' Self Perceptions," resulted from telephone interviews with 1,000 persons with disabilities from across the United States. The results of the study are fascinating and provide substantive information. The Council will be involved in analyzing the implications which the survey has for Federal policies and programs affecting persons with disabilities.

With your permission, I would like to take a few minutes to describe the other accomplishments of the Council during the first half of 1986, and to indicate to you our plans for the remainder of this year, and for Fiscal year 1987. Pursuant to our statutory mandate to establish general policy for the National Institute of Handicapped Research (NIHR), the Council issued policy guidance and began monitoring NIHR progress. The Council also continued to fulfill its statutory responsibilities to provide recommendations and advice to the Commissioner of the Rehabilitation Services Administration (RSA).

The Council was actively involved in legislative matters affecting persons with disabilities. We presented testimony to the House Subcommittee on Select Education on the Employment Opportunities for Disabled Persons Act, as well as to the Senate Subcommittee on the Handicapped regarding the reauthorizations of the Rehabilitation Act and the Education of the Handicapped Act.

In addition, the Council prepared special legislative reports on the Rehabilitation Act and the Education of the Handicapped Act which were submitted to both the House and the Senate Subcommittees. We plan to continue our dialogue with Congressional leaders regarding legislative recommendations in such areas as transportation, housing, and Social Security benefits.

Another critical activity of the Council has been our continuing input from consumers with disabilities. The importance of direct input from persons with disabilities and parents of disabled children cannot be overstated and is consistent with our Congressional mandate. Consumer forums sponsored by the Council in various cities around the nation enable consumers with disabilities to express their views and experiences regarding the service delivery system and other issues of concern to this constituency group.

A second way in which we receive input from persons with disabilities is through our advisors. The Council is fortunate to have the assistance of many competent persons with disabilities and parents of disabled children.

Other activities included co-sponsoring, with the National Association of the Deaf, a survey on communication skills, coordinating a conference on the employment needs of minority disabled persons, and contributing to the Department of Health and Human Services' Report to the Congress on Policies for Improving Services for Mentally Retarded and Other Developmentally Disabled Persons Served Under Title XIX of the Social Security Act.

During the remainder of this current Fiscal Year, the Council will issue several monographs. One such monograph will summarize statistical information on disabilities from currently available sources and discuss the needs for additional data collection. Other monographs will address education, employment, independent living and research.

The Council also will continue to work with the Census Bureau, the Federal Agency Council, and the Interagency Committee on Handicapped Research to seek the inclusion of appropriate questions on disability in the 1990 Census, as well as continuing its commitment to participating in the myriad of interagency committees including the Interagency Committee on Handicapped Employees, the Federal Task Force on Disabled Persons, the Interagency Committee on Developmental Disabilities and the Interagency Coordinating Council.

In Fiscal Year 1987 the Council will concentrate on several significant projects. For example, gathering data on accessible transportation; working with the Social Security Administration and insurance companies to develop programs for medical care insurance for individuals with disabilities; continuing to work cooperatively with the National Association of Home Builders to promote the development of adaptable housing; investigating the provisions of the U.S. immigration laws that prohibit persons with disabilities from entering this country; and continuing to follow-up with the legislative recommendations in Toward Independence.

Mr. Chairman, members and staff of the Subcommittee, thank you for this opportunity to present this statement. It is indeed an honor to be the Chairperson for such an important Federal agency and to have had the opportunity to work with the members of the National Council, all of whom have contributed countless hours of their own time and worked tirelessly toward fulfilling our mission to improve the quality of life for all Americans with disabilities.

I am pleased to report that as of the second half of FY 86 we now have a full complement of Council members and staff. I feel completely confident that we can meet the challenges which await us. We are ready and willing to continue to fulfill our important Congressional mandate.

We look forward to a productive and cooperative working relationship with this Subcommittee and other Congressional Committees, this year and in the future.

I would be happy to answer any questions that you may have.

BIOGRAPHY OF JUSTIN W. DART, JR.

Justin W. Dart, Jr. resides in Fort Davis, Texas, and Washington, D.C. A wheelchair user since 1948, he has been active as an advocate for the rights of disabled and disadvantaged persons for more than 30 years. He has served as Chairman and as a member of the Texas Governor's Committee for Persons with Disabilities (1980-85), as Chairman of the Governor's Long Range Planning Group for Texans with Disabilities (1982-83), and as Vice Chairperson of the National Council on the Handicapped (1982-85). He continues to serve as a member of the Texas Council on Disabilities.

Mr. Dart founded Japan Tupperware (a division of Dart Industries, now Dart and Kraft) in 1963, and served as its President until 1965. From 1968 to the present, he and Mrs. Dart have operated a private independent living program; more than 70 disabled and nondisabled persons have spent from six months to four years in their home, before moving on to successful programs of education and employment.

Mr. Dart received his B.S. and M.A. degrees from the University of Houston in 1953-1954, and attended the University of Texas Law School 1955-56. He has edited two books of poetry, and has authored papers on the philosophy and administration of independent living programs. He served as coordinator and lead editor of the Long Range Plan for Texans with Disabilities, and the National Policy for Persons with Disabilities.

BIOGRAPHY OF SANDRA S. PARRINO

Sandra S. Parrino, of Briarcliff Manor, New York, was appointed Chairperson of the National Council on the Handicapped in 1983 by President Reagan. She has been actively involved in issues concerning disabled people for many years. Her 20 year old son, Paul, has been severely physically disabled for most of his life. She is best known as a spokesperson for parents of disabled children, as a panelist, lecturer, lobbyist, and organization official.

Mrs. Parrino serves on numerous boards and councils. She has been director for the Office of the Disabled in Ossining and Briarcliff Manor, New York; she has served on the board of Westchester County Homes for the Retarded; and she has been a member of the New York State Assembly Task Force on the Disabled, which reviews pending legislation in the State of New York. Through her efforts, many local advances have been made to improve accessibility for disabled people, such as setting up transportation services and installing voting machines for disabled persons, fundraising to provide interpreter services for deaf people; and supervision of the school district's compliance with Federal regulations. Her major interest since becoming a member of the Council has been promoting independence and equality for people with disabilities.

Mrs. Parrino is also a member of the board of Parent Chain, and has served as an American representative to the United Nations and UNICEF for International Year of Disabled Persons. She is currently the North American Vice President of Rehabilitation International, a worldwide service, information, and advisory organization.

BIOGRAPHY OF H. LATHAM BREUNIG

H. Latham Breunig, Ph.D., resides in Arlington, Virginia. He is retired from Eli Lilly and Company, Indianapolis, Indiana. At age three, Dr. Breunig had a 25 percent hearing loss, and at age seven his loss of hearing was 95 percent. He attended Wabash College, Indiana; earned his Ph.D. in Chemistry from Johns Hopkins University; and also studied at Purdue University, Indiana, in the field of Statistics and Quality Control.

Among the many organizations where Dr. Breunig has been active are the President's Committee on Employment of the Handicapped; the American Statistical Association; the Clarke School for the Deaf; and the Alexander Graham Bell Association for the Deaf, where he has served on the Board of Directors for the past twenty-four years, two of them as President. He founded Telecommunications for the Deaf in 1968, and was Chief Executive Officer until 1978. He has been active in the development of oral interpreters for deaf people.

Special awards presented to Dr. Breunig have included the President's Committee on Employment of the Handicapped Commendation by President Johnson in 1967; Sertoma International, Midwest Region, Services to Mankind in 1968; Sagamore of the Wabash (Governor Branigin of Indiana) in 1969; and, Telephone Pioneers, Honorary Member, in 1973. In 1977, Teletypewriters for the Deaf, Inc. made him the first recipient of its H. Latham Breunig Award. Dr. Breunig was honored by Wabash College in 1984 with its Alumni Award of Merit.

BIOGRAPHY OF LEX FRIEDEN

Lex Frieden is Executive Director of the National Council on the Handicapped, an independent Federal agency located in Washington, D.C. The Council is a fifteen member body appointed by the President and confirmed by the Senate. The Council is charged by law with reviewing all laws, policies and programs affecting people with disabilities and making recommendations to the President and the Congress.

Prior to assuming his present position, Mr. Frieden was Director of the Independent Living Research Utilization project at The Institute for Rehabilitation and Research and assistant professor of rehabilitation at Baylor College of Medicine, Houston, Texas.

A graduate of Tulsa University, Mr. Frieden has been honored as a Distinguished Alumnus. He also holds a master's degree in social psychology from the University of Houston. He has done additional graduate work in rehabilitation psychology at the University of Houston with support from an SRS doctoral fellowship, and he has been awarded a World Rehabilitation Fund Fellowship to study programs for disabled people in Europe.

Mr. Frieden, a quadriplegic due to spinal cord injury, has been involved in the organization of several groups of disabled individuals including the American Coalition of Citizens with Disabilities, the Coalition of Texans with Disabilities, and the Houston Coalition for Barrier Free Living.

Working in the independent living movement by severely disabled people since the early 1970's, Mr. Frieden has published several books and papers on independent livng. He served as a consultant panel member for the United States House of Representatives' Committee on Science and Technology from 1976 through 1978, and he prepared the background paper on Community and Residential Based Housing for the White House Conference on Handicapped Individuals in 1977. He was honored by the U.S. Jaycees in 1983 as one of America's Ten Outstanding Young Men.

BUDGET REQUEST

Mr. FRIEDEN. Thank you, Mr. Chairman. I am very pleased to have the opportunity to summarize the National Council on the Handicap's fiscal year 1987 budget request for you. The Council is requesting $850,000 for appropriations in fiscal year 1987, and this request is an increase of $118,000 over our fiscal year 1986 postsequestration appropriation.

We believe the increase is consistent with the fact that fiscal year 1987 will be the first complete year that the Council has operated with a full complement of staff. Seventy-six thousand dollars of our increase is associated with higher personnel costs, and the remaining $42,000 of the increase is related to travel and other support services.

"TOWARD INDEPENDENCE"

Mr. Chairman, the Council recognizes its unique and important role as an independent Federal agency, advising the administration and the Congress on a wide range of disability policy issues. In response to a congressional mandate to assess the extent to which Federal programs provide incentives or disincentives to the establishment of community-based services for handicapped individuals, the Council has produced a report entitled "Toward Independence," with which you are quite familiar.

HARRIS POLL

In the process of gathering data to justify the recommendations contained in our report, the Council was involved in conducting the first ever national Harris poll of people with disabilities. The final report of this study should be made public in the next few weeks. The preliminary results of the study have already given us profound insights into the many barriers facing severely disabled people in the United States as we strive to be independent, productivity-oriented citizens.

LEGISLATIVE REPORTS

Among other products which the Council has produced are reports of legislative recommendations for both the House and the Senate in regard to the reauthorizations of both the Education of the Handicapped Act and the Rehabilitation Act.

"TOWARD INDEPENDENCE" FOLLOWUP

In fiscal year 1987, the Council will continue to followup on the 45 specific legislative recommendations contained in "Toward Independence," and we will continue to fulfill our mandate to advise the administration and the Congress, set general policies for the National Institute of Handicapped Research, and review all Federal Government policies, programs, and regulations which affect persons with disabilities.

Mr. Chairman, we believe that we have done a credible job of completing the task of establishing an effective, efficient disability policy review and advisory agency. We believe we have developed good working relationships with all parties involved in the process of developing sound policy recommendations. This includes Members of the Congress and their staffs, key officials within the administration, representatives of disabled people and their families, and service providers.

In particular, the Council would like to recognize and acknowledge the important role played by disability advocates, parents, and service providers in the process of developing the recommendations contained in our report "Toward Independence" and in the other work of the Council.

ROLE OF COUNCIL MEMBERS

Also, Mr. Chairman, if I might take the liberty, I would like to personally acknowledge the support given to me during my tenure as Executive Director of the Council by the chairperson and the members of the Council, all of whom have truly dedicated themselves to the work of the Council and who have given countless hours voluntarily to ensure that our work was of the highest quality.

The Council is prepared to continue meeting the expectations of the Congress. We look forward to working closely with you and the members of this committee.

I would be pleased to answer any questions that you may have.

STATEMENT OF DR. BREUNIG

Senator WEICKER. Thank you very much. Dr. Breunig, do you have any comments that you would like to make while you are here?

Mr. BREUNIG. Yes; Mr. Chairman, as you know, the Council has been taken out of the Department of Education and made into an independent Federal agency. This, to my mind, has been a very significant development, because it has given the Council freedom to go into areas where our hands were previously more or less tied.

For this reason, we feel that we are accomplishing much more. In a personal sense, membership on the Council has been a broadening experience. I have appeared before many subcommittees on problems of deafness, but now, my scope of information is far broader. Members of the Council now have come to appreciate the activities of Mr. Dart and Mr. Frieden doing this work, and they appreciate the support that your subcommittee and you yourself have given to our activities.

PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

Senator WEICKER. Well, I thank you very much, and I can assure you that that support will continue. Indeed, it will continue on the floor this week in terms of requests by this Senator and others for additional funding for some of the programs which are a concern of your Council.

Can you give me a report on whether or not there have been any meetings at all as between yourself and the President's Committee on the Employment of the Handicapped [PCEH]? As you recall, the fiscal year 1986 conference report urged that the leadership of the President's Committee on the Employment of the Handicapped work with the Council in trying to achieve some sort of a pulling together. Now, have there been any communications at all in that area?

Mr. FRIEDEN. Mr. Chairman, as you may know, the Council has voted to take no official position on the issue of consolidating functions of the President's Committee on Employment of the Handicapped and the National Council on the Handicapped. The Council did so in an effort to avoid or stay out of any turf battles which seemed to break down the constructive relationship that we all try to develop in our work.

Senator WEICKER. Right.

Mr. FRIEDEN. Our position, however, has always been to do whatever the Congress or the administration instructs us to do as well as we can do it.

Regarding the responsibilities directed in the conference report on appropriations last year, we have had no formal communications from the President's Committee on the Employment of the Handicapped regarding the directives in that report, and as a matter of fact, we have recognized no expressed interest in meeting to discuss those issues.

So in the absence of that cooperation, our staff has independently reviewed the Executive order for the President's Committee on Employment of the Handicapped, and with the possible exception of the information and public education functions contained in that Executive order, we believe that the Council's present mandate is broad enough to incorporate the functions contained in that Executive order.

Obviously, the Council is very concerned about the principal issues of employment that are addressed by that committee. One of the 10 principal topic areas contained in "Toward Independence" deals with employment. The report has eight specific recommendations related to employment; in addition to those specific recommendations, a number of the other recommendations in our report pertain generally to employment.

Obviously, any additional functions that the Council may need to assume would require additional resources and personnel in order to carry them out.

Senator WEICKER. The mandate of the conference committee is pretty specific. I think it should be reiterated for the record. The conferees note that in 1986, the National Council on the Handicapped will be the subject of reauthorization. Where do we sit on that, by the way?

Ms. MUILENBERG. We will be introducing that, hopefully next week.

Senator WEICKER. Are we planning on going ahead and including language into that that would fully take over the function of PCEH?

Ms. MUILENBERG. That is correct.

Senator WEICKER. Let me read again from the outset. The conferees note that in 1986, the National Council on the Handicapped will be the subject of reauthorization. If the NCH is provided the statutory authority now given by Executive order to the President's Committee on the Employment of the Handicapped, the conferees agree that 1987 funding for PCEH functions will be provided instead to the NCH. Conferees urge the PCEH leadership and staff to work with their NCH counterparts to assure an orderly transition.

I think it is very clear as to what Congress intends. We are not going to wait until the administration moves. Indeed, if that reauthorization language is of such a nature as to fulfill those requirements and the funding is going to be going to NCH. Nobody is anxious to have any sort of a battle here. What we are anxious to do is to take limited resources and direct them in the most effective way.

So I would agree with you. Really, the problem, I suppose, is still more mine than it is yours, and I am just alerting you of the fact that I intend to pursue what I started in the conference last year.

LOWERING MANDATE OF PUBLIC LAW 94-142

Are you aware, incidentally, I know or I believe one of your 45 legislative recommendations you referred to was the bringing back to the age at birth of Public Law 94-142. Are you aware that is going to be on the floor here, potentially, within the next 48 hours?

Mr. FRIEDEN. We are.

Senator WEICKER. I would hope that this is a matter that you would have the Council active in, and I might add, contacting Senators. As you know, Lex, the cost is going to be $100 million in the sense of taking the age from 3 back to birth of the applicability of Public Law

94–142 and of correcting the loophole which excuses those States where there is no such program, early intervention program, from participation, thus effectively excluding 240,000 youngsters from the early education process. That will cost an additional $100 million.

I am all for budgets, but let's understand it, and I think this is the word that has got to be gotten out: That those opportunities lost, either from 3 to 5 or from zero to 3, then result in a largely lost life in the more mature years. Indeed, to illustrate the point, not that I am going to negotiate this, because it is not negotiable, but I am trying to illustrate the point.

If you had to do without the 3 years, you would be better off going without the 3 years in the end. That is the state of the art. That is not negotiable, but I am trying to make the point that we now know, from the state of the art, where this crucial point is, and we now know it is from birth probably through 5 or 6 years of age. If we deny funding for that, we effectively deny a person a role in the mainstream of life in United States.

I can't believe we would make that choice on the floor. I also know the mood of my colleagues. I can assure you, I need all the help possible in the next few days to see that that amendment passes.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

I have some further questions for response for the record. Again, I want to thank you for everything that you are doing; for the report "Toward Independence." I think it is a magnificent piece of work, the Harris poll, with the professionalism that you are bringing with the Council to where the Council's voice is listened to by everybody, and for the courage in cutting across all partisan and philosophical bounds in order to achieve the result of those you serve, which is what it is all about.

Thank you very much.

Mr. FRIEDEN. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

BUDGET REQUEST

Senator Weicker. What was the original budget request you submitted to OMB?

Answer. The original FY 1987 budget request of the National Council on the Handicapped was $959,000.

Question. The FY 1987 request for the National Council on the Handicapped is $850,000, an increase of $85,000, or 11 percent from the 1986 appropriated amounts. Do you think this request is sufficient for fulfilling the goals and missions of the Council that you have outlined today?

Answer. Yes. We believe that $850,000 is consistent with the scope and depth of our mandated responsibilities. The request includes sufficient funds to operate with a full complement of Council members and staff.

REPORT ON PROGRAMS SERVING THE HANDICAPPED

Question. The Council issued an extensive report - Toward Independence - in February of this year. The report summarizes the Council's findings and presents 45 legislative recommendations to programs serving the handicapped. How will you follow up and monitor these 45 legislative recommendations?

Answer. In its Letters of Transmittal conveying Toward Independence to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives, the Council noted that it did not view the submission of the report as completing its responsibilities in regard to the issues addressed. The recommendations in the report constitute, rather, "an agenda for the Council's work in the future, in conjunction with other statutory duties assigned to it."

The Council is most anxious that its recommendations lead to concrete, constructive actions that increase opportunities and independence for individuals with disabilities. Consequently, at the Council's quarterly meeting on May 12 - 14, its first meeting after the issuance of Toward Independence, the Council considered some 57 proposed projects to follow up on the recommendations in the report and to fulfill other statutory obligations of the Council. Based upon available Council resources and the timeliness and importance of the particular projects, the Council devised an annual workplan that incorporates some 30 projects to be undertaken during the year.

The majority of these projects focus upon direct follow up and implementation of recommendations contained in Toward Independence. Among these are projects relating to: the transition from school to work, amendments to the Social Security Act, amendments to the Tax Code, personal assistance, health insurance, equal opportunity laws, prevention of disabilities, a Commission on Excellence in Special Education, lowering the age mandate for special education services, amendments to statutes regarding employment, return-to-work programs, model centers on employment, housing nondiscrimination and accessibility, independent living (Part A), mass transit, and education in the least restrictive environment. These projects involve monitoring of progress made toward the accomplishment of the Council's recommendations and working with Congressional and Executive personnel and the disability community to encourage the achievement of the Council's proposals.

RELATIONSHIP WITH NIHR

Question. The National Council on the Handicapped is mandated by law to advise the National Institute of Handicapped Research (NIHR) on policy issues and the setting of priorities. How often do you meet with the leadership of the National Institute of Handicapped Research?

Answer. Regular meetings are held with the Director of NIHR, the Deputy Director of NIHR, and the Assistant Secretary for Special Education and Rehabilitative Services. In the case of the NIHR Director and Deputy, these meetings occur on a monthly basis. Informal meetings and discussions with the NIHR Director and Deputy Director occur more frequently, usually about once a week. Interaction between NIHR staff members and the Research staff of the Council often takes place on a daily basis.

Question. Has the Council made formal recommendations to the National Institute of Handicapped Research on research priorities?

Answer. The Council has made recommendations to NIHR regarding policy issues and research priorities through several avenues. On September 23, 1981, the Council issued a 34-page document, "Policies Governing the National Institute of Handicapped Research." This statement presented sixteen Program Policies and nineteen Operational Policies for NIHR. On February 27, 1984, the Council issued a report following a program evaluation it conducted of NIHR activities. The report contained eight major recommendations for improving the structure and effectiveness of NIHR. The Council provided comments on the NIHR Long-Range Plan Update in May of 1984.

The Council has begun to work with the new NIHR director, Dr. David Gray, in regard to the Council's issuance of additional policy directives for NIHR. On January 28, 1986, the Research Committee of the Council engaged in discussions with rehabilitation research experts from around the country to obtain their input regarding NIHR policy direction. On May 14, 1986, the full Council received a briefing on NIHR programs and initiatives from Dr. Gray and five members of the NIHR staff. A top priority of the Council's current workplan is development of appropriate policy directives for NIHR.

In fulfilling its statutory mandates of providing recommendations and advice to and establishing general policy for NIHR, the Council understands its role to be that of refining the processes by which NIHR priorities are established and insuring that appropriate input is obtained and considered. The Council does not view its role as setting NIHR priorities, per se, but rather of assuring the establishment of appropriate procedures and policies to assure that priorities are established properly by NIHR.

Question. Is there a formal review process for your recommendations?

Answer. In the September 23, 1981, "Policies Governing the National Institute of Handicapped Research," policy number 15 provides that "NCH and NIHR will jointly develop an annual cycle of activities which will permit NIHR to consult in a timely manner with the National Council on the Handicapped so that NCH may participate in influencing the policy decisions reflected in the annual spending plans ..." Operationally, the contemplated high degree of routine NCH input has generally not occurred. The Council is not aware that NIHR has established any process for formal NIHR review of the Council's recommendations.

Question. What is the Institute's reaction to your recommendations?

Answer. The degree of reaction by NIHR to the Council's recommendations has varied. A good example of a direct review and response by NIHR to NCH recommendations occurred in May, 1984, when Dr. Douglas Fenderson, then NIHR Director, provided a written, item-by-item response to the recommendations contained in the Council's evaluation of NIHR. Many of the changes suggested by the Council were incorporated in the proposed NIHR Long-Range Plan Update. To date, however, the Updated Long-Range Plan has not been issued.

Direct review and response to Council recommendations have not always been forthcoming, largely due to the absence of a permanent Director of NIHR from December of 1984 until February of 1986. In working with the new NIHR Director, Dr. Gray, the Council has been encouraged by his willingness to receive and consider the Council's recommendations.

Question. Are your recommendations implemented?

Answer. Implementation has varied. Some of the Council's recommendations, such as those regarding innovative research programs, have been endorsed and made operational by NIHR. Other recommendations, such as a call for the issuance of the Long-Range Plan Update, and for site visits by NIHR staff to evaluate the performance of NIHR-funded research centers and programs, have not been acted upon. Recently, the new NIHR Director, Dr. Gray, has embarked upon efforts to implement a long-standing recommendation of the Council -- refining the NIHR peer review process.

Question. Is the Institute on track, as far as you are concerned, in their setting of priorities?

Answer. The Council shares with the leadership of NIHR some concerns about the way NIHR priorities have been established in the past. Some areas in which the Council believes improvement is needed include:

- o The NIHR peer review process.
- o Issuing an Updated Long-Range Plan.
- o Increasing input by disabled consumers.
- o Designing a more systematic approach to developing priorities, rather than the largely ad hoc and subjective current approach.
- o Strengthening the role of the Interagency Committee on Handicapped Research to focus more on the development of a national research agenda, allocation of projects, and maximization of available funding.

The Council has also been concerned about instances in which its input has not been sought by NIHR prior to the Institute's taking some important policy action. For example, NIHR published its notice of Funding Priorities for 1986 without obtaining any advance input or review from the Council. The Council is working with the NIHR Director to assure that Council input will be received by NIHR on a routine basis in the future, particularly in regard to annual funding priorities for 1987 and succeeding years.

RESEARCH

Question. You are requesting $30,000 in FY 1987 for additional research contracts. How does this amount compare with the FY 1986 funding level?

Answer. The funding level for FY 1986 is also $30,000.

Question. What will be the nature of these studies?

Answer. At this time the Council has developed a list of possible topics to be considered for research contracts for Fiscal Year 1987. Topics include: an examination of the implementation of least restrictive environment for disabled children; an analysis of issues related to lowering the mandate of Public Law 94-142; an investigation of physically disabled persons in nursing homes and other institutions; loss of health insurance for persons with disabilities; and the development of a national policy regarding personal assistance services for disabled persons.

Question. How are the topics selected, and who will conduct the studies?

Answer. The list of possible topics was the result of input from several sources: consumer advisors, national forums, recommendations in Toward Independence, and suggestions from Congress. Based upon the final topics selected and available resources, the Council will decide on the most appropriate experts to complete the research.

NATIONAL COUNCIL ON THE HANDICAPPED FELLOWSHIP PROGRAM

Question. You are requesting $38,000 to partially fund one fellow participating in the National Council on the Handicapped Fellowship Program. What activities is the Fellow currently involved in?

Answer. The NCH Fellow has been involved in activities assisting the Council in its follow up of the report, Toward Independence, including presenting the report and meeting with advocacy groups representing people with disabilities to gain feedback on the report. In addition, he has been meeting with Congressional staff and monitoring and analyzing such significant legislative proposals as the reauthorizations of the Rehabilitation Act and the Education of the Handicapped Act.

Question. Is the Fellow involved in such activities at the Council on a full-time basis?

Answer. The Fellowship is considered a full-time position. Active involvement in Council activities, which allows the Fellow to learn about administrative and legislative processes involved in policy-making, are supplemented by opportunities to meet and work with advocacy groups, Congressional staff and Federal agency representatives.

Question. How are Fellows selected?

Answer. Fellows are selected through an independent review process which is managed by an outside organization under contract to the Council for this purpose. An announcement of the NCH Fellowship Program is disseminated nationwide every Fall by the contractor. Applications are then accepted for a defined period of time, after which they are screened by the contractor for accuracy and completeness of information. After the closing date and the initial screening by the contractor, an independent committee of reviewers, who are selected by the contractor, rank the applicants according to criteria developed by the contractor and approved by the Council. Following this process, the most highly ranked applicants are forwarded to the Council for review. The Council then selects the Fellow from among the finalists recommended through the independent review process.

Question. Do you plan to formally evaluate this Fellowship program in order to determine how it might be improved in the future?

Answer. Evaluation is an essential element of the Fellowship Program. The Fellowship program is in its second year and has been very successful as an opportunity for participants to learn about the policy-making process at the national level. The evaluations by the 1985 Fellows revealed very positive comments about the value of the experience to them as mid-level professionals, along with concrete suggestions for improving the 1986 program. Evaluation data also was sought from other sources, including the independent contractor helping to coordinate the Fellowship program. The Council is currently evaluating the Fellowship and will make further refinements to improve this unique program. Thus far the Fellowship Program has provided three disabled profesionals with one of the few opportunities to gain exposure to national issues and to gain substantive leadership experience necessary for their development as contributing professionals to the disability movement.

CONSUMER ADVISORY COMMITTEE AND CONSUMER FORUMS

Question. Why does the Council need to support the expenses of a Consumer Advisory Committee when the Consumer Forums are designed to get broad, varied input from consumers?

Answer. While both the Consumer Forums and the Consumer Advisory Network provide the Council with input from consumers, they each play a distinct role in doing so. The Consumer Forums are instrumental in providing opportunities for the discussion of specific topics from national, state and local perspectives.

In Fiscal Year 1986 the Council held forums on topics which included the issuance of Toward Independence, the results of the Harris poll survey of disabled Americans, communications barriers, rehabilitation research, and implementation issues related to Toward Independence. Another way in which the Council can fulfill its mandate to advise the Congress and the Administration on matters of policy is by availing itself of the expertise and knowledge of disabled consumers on an ongoing basis and maintaining a foundation rooted in the community of disabled persons and advocates. The network of advisors helps the Council and its staff to address many different issues in greater depth than would otherwise be possible. Advisors have been consulted through correspondence, by telephone, or in person. Their counsel has been very beneficial to the Council.

Question. How much money is allocated for expenses of Consumer Advisory Committee members in the FY 1987 budget?

Answer. The Council is requesting $16,000 to meet the travel and related expenses of the Consumer Advisory Network. The advisors provide their expertise on a voluntary basis; none of the advisors receives a salary from the Council.

Question. How many Consumer Advisory Committee members are there?

Answer. The Council has identified 20 to 30 consumers with expertise in a variety of areas to use as advisors to the Council. Due to regulatory restrictions and fiscal considerations, these advisors are used to address specific issues on an individual basis or in small groups.

Question. How many Consumer Forums are planned for FY 1987?

Answer. In Fiscal Year 1987 the Council plans to conduct four to six national forums, depending upon available resources and identified needs. Topics being considered at this time include: early childhood intervention; minorities and disability; Social Security disincentives; transportation; housing; health insurance needs of unemployed disabled persons; physically disabled persons in institutions; employment transition for disabled persons; and strategies for returning to work.

Question. When and where will they be held?

Answer. The Council generally attempts to conduct national forums in conjunction with its regularly scheduled quarterly meetings. In addition, the Council anticipates sponsoring two other forums in Fiscal Year 1987, depending on available resources. In addition to Washington, D.C., other locations for these forums have yet to be determined.

STAFF TRAVEL COSTS

Question. In your budget justifications (page 8), you indicate that expenditures for staff travel will increase from $10,000 to $17,000, an increase of 70 percent. Why are you budgeting for such a large increase?

Answer. The increase in staff travel is largely a result of the Council finally having its full statutorily authorized complement of staff. In addition, staff travel was atypically curtailed in the previous year due to two factors: (1) staff activity for the year focused almost exclusively upon the writing, editing, and production of the Toward Independence report, which necessitated an unusual degree of in-office effort; and (2) due to its focus upon completing the report, the Council held all but one of its quarterly meetings in Washington, D.C.

Question. What travel do you foresee your staff taking?

Answer. Staff travel figures budgeted contemplate travel to quarterly Council meetings, meetings of Council committees, and meetings of disability consumer groups, service providers, and professional organizations. In addition, staff travel will be required to pursue the implementation of the recommendations in Toward Independence, both to provide information and explanations of the Council's proposals, as well as to work with appropriate individuals and groups on specific initiatives to implement the recommendations.

Questions Submitted by Senator William Proxmire

COUNCIL FELLOWSHIP PROGRAM

Senator Proxmire. Mr. Frieden, the justifications indicate that $38,000 of the budget request will be used to fund a "portion" of the Council's Fellowship Program. What's the total cost of this Program?

Answer. The projected total public and private cost of this program in Fiscal Year 1987 is $58,000. This amount will be used to fund two full-time mid-career professionals selected in a national competition for a year's service with the Council.

Question. Why do you have to seek funding elsewhere?

Answer. The Council considers the Fellowship Program to be an opportunity for public-private cooperation. Although no formal fundraising activities are planned by the Council, the Council is authorized to accept contributions and would apply such contributions to this worthwhile project.

Question. How do you plan to obtain these funds?

Answer. While there are no formal plans for fundraising, individual Council members have many associations in their respective communities which may result in private support for the Fellowship Program.

BUDGET LAPSE

Question. The budget documents report a lapse last year of $27,000. That's not a great deal of money. Why were you unable to obligate these funds?

Answer. The twenty-seven thousand dollar lapse resulted from an altered hiring schedule. The Council originally planned to be at a fully staffed level by the end of FY 1985. However, as a result of extended recruiting and hiring processes, the Council did not reach that goal until early in FY 1986.

CONTRACTS

Question. How much of the proposed budget would be used for contracts?

Answer. The amount of $30,000 has been allocated for research contracts for FY 1987.

Question. Do you plan to compete these contracts?

Answer. The Council is a very small agency which does comparatively little contracting. In fact, the Council has issued only two contracts which exceeded $15,000 in its history as an independent agency. Nevertheless, it is the general policy of the Council to compete any contracts of substantial proportions or any for which the unique qualifications of an individual bidder are not apparent.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

STATEMENT OF FORD B. FORD, CHAIRMAN

ACCOMPANIED BY:
RICHARD V. BACKLEY, COMMISSIONER
PAUL MERLIN, CHIEF ADMINISTRATIVE LAW JUDGE

PREPARED STATEMENT

Senator WEICKER. Next, we will hear from the Federal Mine Safety and Health Review Commission [FMSHRC], represented by Chairman Ford B. Ford. It is a great pleasure for the committee to have former Secretary Ford back with us.

So if you would introduce your colleagues and proceed, go right ahead.

Mr. FORD. Thank you, Mr. Chairman.

Senator WEICKER. Your statement in its entirety will be placed in the record.

[The statement follows:]

STATEMENT OF FORD B. FORD

It is a pleasure to appear before you and the Committee again and to answer questions about the Federal Mine Safety and Health Review Commission and its FY 1987 budget request totaling $3,919,000.

Although the request includes a $286,000 increase over the 1986 budget level, it represents a steady-state budget that contemplates full funding of the Commission's previously authorized 62 positions.

I believe that this budget level will permit us to expeditiously carry out our statutory mandate as set forth in the Federal Mine Safety and Health Amendments Act of 1977 which is to provide administrative trial and appellate review of the Department of Labor's Mine Safety and Health enforcement program.

The Federal Mine Safety and Health Review Commission exists to objectively and neutrally adjudicate legal disputes arising under the Mine Act among or between mine operators, the Department of Labor, and miners.

The five-member Commission provides administrative appellate review. Its functions include reviewing all administrative law judge decisions, ruling on Petitions for Discretionary Review, directing review sua sponte for cases that may be contrary to law or policy or that may present novel questions of policy, and issuing decisions that affirm, modify or vacate decisions directed for review. If not considered for formal review, an administrative law judge's decision becomes a final non-precedential order of the Commission. Appeals from final decisions of the Commission are to the U. S. Courts of Appeals.

In the activity of administrative law judge determinations during fiscal year 1985, 1,490 new cases were received and 1,417 cases were decided. Of these, 539 were disposed of prior to hearing by settlement approved by the administrative law judges, 679 were disposed of on motion or by stipulated record, and 299 were fully tried prior to decision. At the close of the year the pending caseload before the judges was 1,247.

In fiscal year 1986 we anticipate the number of administrative law judge cases to increase to 1,691 and expect dispositions to increase to 1,583, leaving a case inventory of 1,355 at the end of the year.

Based on current estimates of mine inspections by the Mine Safety and Health Administration to be conducted in 1987, we expect to receive 1,824 new cases. Dispositions are expected to total 1,703, leaving a case inventory at the end of FY 1987 of 1,476.

There are currently two administrative law judge positions vacant for which recruitment has been initiated. We anticipate that one vacancy will be filled within the next several months and the other position filled by the end of the fiscal year.

We are requesting an increase of $87,000 to fund these positions and related staff support on a full year basis in fiscal year 1987.

In Commission review activity we are requesting an increase of $181,000. I am pleased to report to you that the Commission is once again fully staffed with five Commission members. There are, however, a number of support positions that are in various stages of recruitment. It is anticipated that all of these vacancies will be filled by the end of this fiscal year and the $181,000 requested increase will be needed to fund full staffing in FY 1987.

The Commission is anticipating an increase of new cases and full support staffing is necessary if cases are to be decided in a timely manner. Based on the 28 new cases received as of February 21, it is anticipated that a total of 65 new cases will be received during fiscal year 1986 - 23 more than were received in FY 1985. For fiscal year 1987, a total of 70 new cases is anticipated.

It is estimated that by end of fiscal year 1987 there will be 23 cases unresolved compared with 43 unresolved cases at the end of fiscal year 1984.

Oral arguments continue to be an important part of the Commission's decision process. As issues become more complex and new areas of law explored, it is important that parties involved have an opportunity to present their case and to respond face-to-face to questions. Since FY 1984, oral argument cases have almost doubled each fiscal year and are currently averaging one per month.

In summary, we see an increasing workload for both the administrative law judges and the Commission. The 1987 budget request will assure full funding of all Commission positions and will allow us to continue our efforts to provide timely, efficient and neutral adjudication of disputes under the Mine Act.

Thank you for the opportunity to present this statement. I would be pleased to respond to questions from you and members of the Committee.

INTRODUCTION OF ASSOCIATES

Mr. FORD. It is a pleasure to be back before you, Senator Weicker. It has always been a pleasure because we have been treated very fairly and courteously. I look forward to appearing more often.

To my right is Commissioner Backley, who was Acting Chairman and Chairman in previous years. He has been with the Commission since it was first formed in 1978. To my left is Chief Administrative Law Judge Paul Merlin.

BUDGET STATEMENT

I will capsulize my statement. The budget before you for the Federal Mine Safety and Health Review Commission is a request in fiscal year 1987 for $3,919,000. Although the request includes a $286,000 increase over the adjusted 1986 budget, it contemplates full funding of the Commission's previously authorized 62 positions.

In the activity of administrative law judge determinations during fiscal year 1985, 1,490 new cases were received, and 1,417 cases were decided. In fiscal year 1986, we anticipate the number of administrative law judge cases to increase to 1,691 and expect dispositions to increase to 1,583, leaving a case inventory of 1,355.

Based on current estimates of mine inspections by the Mine Safety and Health Administration to be conducted in 1987, we expect to receive 1,824 new cases. Dispositions are expected to total 1,703. There are currently two administrative law judge positions that are vacant for which recruitment has been initiated.

We are requesting an increase of $87,000 to fully fund the administrative law judge functions.

As has been noted, we now have a full Commission of five members, although we have several support staff vacancies. This request reflects an $181,000 increase for full funding of Commission activities.

The Commission is anticipating an increase of new cases. Based upon the number received through February, we expect 23 more during the 1986 fiscal year than were received in 1985.

For fiscal year 1987, we are anticipating a total of 70 new cases. With the full funding of the Commission, we anticipate reducing the number of unresolved cases to 23 by the end of fiscal year 1987, down substantially from 43 at the end of fiscal year 1984.

Mr. Chairman, I look forward to answering your questions.

NEW CASES

Senator WEICKER. For fiscal year 1986, you estimated that new cases for Commission review would increase from 43 to 65, or up 51 percent. Since we are halfway into fiscal year 1986, how do your actual numbers compare to your original estimate?

Mr. FORD. The actual numbers are very close to that. I will defer to Chief Administrative Law Judge, Paul Merlin.

Mr. MERLIN. I think the numbers are running pretty close to one-half through the fiscal year. I think there is an increase which, when projected, comes pretty much in the ballpark of the estimate.

Senator WEICKER. You predict an increase in new cases of 7.9 percent in fiscal year 1987 and 13.5 percent in fiscal year 1986 for administrative law determinations. What trends do these increases reflect?

Mr. FORD. No single factor really can justify the projected increase. We think those increases, both anticipated and what have been realized are, however, attributable to a number of things that are happening: an increase in the number of citations classified significant and substantial issued by the Mine Safety and Health Administration and increased emphasis on mandatory inspections which generally result in more citations. The special assessments process has increased tremendously rather than the normal formula approach.

We also anticipate a number of clarification type appeals from some 25 major regulatory modifications that we anticipate will hit the street in the next 2 years from the Mine Safety and Health Administration. We are seeing more complex cases and more health cases.

So all those factors, when added together, convince us there will be a continued increase in appeals to the Commission and the administrative law judges.

ADMINISTRATIVE LAW JUDGES

Senator WEICKER. You are requesting an additional two full-time equivalents, an additional administrative law judge and clerical support person. First, how many administrative law judges are there currently, and will the additional personnel be sufficient to handle the increased caseload?

Mr. FORD. We currently have 10 administrative law judges, including the chief administrative law judge. We are requesting resources for the 12 administrative law judges previously authorized. We are not requesting additional positions, and we do feel the authorized staff will be sufficient. Productivity has increased some 20 percent over 1985, and to date, in 1986 some 7.6 percent over 1984. We really feel that we can keep current with the caseload.

Senator WEICKER. Thank you very much.

Senator Specter has arrived here. Senator, if you have any questions, this would be the time to inquire of Mr. Ford and the Commission.

INSPECTIONS

Senator SPECTER. Thank you very much, Mr. Chairman.

One area of concern that I have, Mr. Ford, relates to the inspections at the metal, nonmetal surface mines, and I have noted that in May of this year, the General Accounting Office informed our Appropriations Committee that the Mine Safety and Health Administration had not been making the required number of inspections at those mines. What is the situation on that?

Mr. FORD. As you know, Senator Specter, the Federal Mine Safety and Health Review Commission is an independent Presidential commission and we are not part of the Department of Labor or its Mine Safety and Health Administration.

However, it is my understanding that there was a considerable improvement in the percentage of mandatory inspections completed by the end of fiscal year 1985.

Senator SPECTER. The information I have is that GAO estimated that inspection shortfalls were as much as 40 percent for fiscal years 1983 and 1984. Do you disagree with those figures?

Mr. FORD. No, sir; since 1983, I have not been specifically following those inspections as I was not part of the Mine Safety and Health Administration.

Senator SPECTER. Would you have any suggestion as to what action might be taken to increase the number of those inspections?

Mr. FORD. No, sir; Assistant Secretary David Zegeer of the Mine Safety and Health Administration has indicated his sensitivity to this, and I am confident that he is addressing it. The metal and nonmetal cases before the Commission itself has increased from 20.1 to 25.1 percent of the total cases that have been filed with the Commission, which would indicate some increase in activity in the inspection area.

Senator SPECTER. Well, that is an area of concern that I have, given the importance of that matter to my State.

Let me raise one other subject with you, Chairman Ford. That relates to the backlog before administrative law judges. I note that the figure was 1,247 at the close of fiscal year 1985, and from the prepared statement that you submitted, you anticipate a backlog of 1,355 by the end of 1986 and an increase of 1,476 by the end of fiscal year 1987.

Is there anything that can be done to put that trend in the other direction?

Mr. FORD. Senator, we don't consider that a backlog. We consider it a manageable case inventory. We find that over 94 percent of the cases are decided within 6 months, which we feel has been very good.

We do anticipate increased filings. We are increasing productivity. We are planning to further increase productivity. We will be very sensitive to any unnecessary extension of time for resolution of those cases. But we do not consider it a backlog at this point.

Senator SPECTER. Ninety-four percent of the cases are decided within 6 months from filing?

Mr. FORD. Yes, sir; from the date of filing.

Senator SPECTER. And how about the other 6 percent? What is the disposition rate as to those?

Mr. FORD. Three percent, between 6 months and 1 year, you might say, 180 days and 270 days. We have 3 percent, I think it is, that are older than that.

Senator SPECTER. Are those especially complicated cases?

Mr. FORD. Complicated, that have come back to the judges.

Mr. Backley will you elaborate?

Mr. BACKLEY. Some of these, Senator, are remands from the appeals courts that have been returned to us for further disposition. These cases are carried as of the date they were originally filed. As the Chairman has indicated, Senator, I believe we are talking about a small percentage.

Senator SPECTER. A 6-month timespan is not bad, but I, for one, don't like to see the figures going up in terms of increasing backlog. The whole issue of disposition of matters in the judicial setting is a very serious one in this country, and those figures have to be watched very carefully, because before long, they will be out of hand, if you don't.

Mr. FORD. I know how sensitive this committee and Congress is to backlogs having had the black lung issue before you in the past. I am very encouraged with the disposition period on the cases themselves. The Commission, to my knowledge, or at least I, haven't received any indication of concern over timeframes. As I say, 3 percent are currently over the 270-day period. Three are within the 181- and 270-day period percentagewise.

Senator SPECTER. Thank you, Mr. Ford.

Thank you, Mr. Chairman.

Senator WEICKER. Thank you very much, Senator Specter.

ERRATA

[CLERK'S NOTE.—Subsequent to the above testimony, the Commission discovered that the case timeframe data presented to the Committee was in error. The corrected data, using the measurement assignment to disposition, indicates that 63 percent of the cases before the administrative law judges are completed within 180 days, and an additional 23 percent are completed within the subsequent 180 days. The balance are more than 2-year old. The Commission deeply regrets presenting this misinformation and sincerely apologizes for any inconvenience it may have caused.]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Thank you, and there will be other questions for response for the record.

Mr. FORD. Thank you, Senator.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

BUDGET

Q. What was the original budget request you submitted to OMB?

A. The Commission's FY 1987 Budget Request submitted to OMB for consideration on August 30, 1985 totaled $4,013,000.

Q: Mr. Chairman, your budget request for FY 1987 is $3,919,000, an increase of $104,000, or 3 percent, above the $3,815,000 appropriated in FY 1986 (before Gramm-Rudman-Hollings). Do you think the budget request is adequate to continue operations at a current services level?

A: Yes Sir, I believe the Budget Request is adequate. As you know, all five Commission Members are confirmed and sufficient resources are being requested for full support staffing.

COMMISSION REVIEW - CASELOAD

Q: For FY 1986 you estimated that new cases for Commission Review would increase from 43 to 65, or 51 percent. Since we are half way into FY 1986, how do your actual numbers compare with the original estimate?

A: We have received 33 new cases through the first six months of the fiscal year, thus our estimate appears to be on target.

Q: Similarly, for FY 1986, you estimate an increase in dispositions from 59 to 69, or 17 percent. Are those estimates being reflected in actual numbers so far?

A: Through March 31, 1986, the Commission has disposed of 28 cases, down slightly compared to the estimate of 69 dispositions for the year. However, additional attention has been focused on completing older cases and a higher disposition rate is expected during the remainder of the fiscal year.

Q: What do you expect for your caseload and dispostion increase in FY 1987?

A: During fiscal year 1987, the Commission anticipates receiving 70 new cases and disposing of 86.

ADMINISTRATIVE LAW JUDGE (ALJ) CASELOAD

Q: You predict an increase in new cases of 7.9 percent in FY 1987 and 13.5 percent in FY 1986 for administrative law judge determinations. What trends and/or issues do these increases reflect?

A: It is difficult to identify any specific correlation for the expected workload increase. Within the activities of the Federal Mine Safety and Health Administration there are a number of factors when combined would lead us to believe that the number of appeals will increase. These factors include: an increase in the number of regular inspections, an increase in violations that are designated significant and substantial, more special assessed violations, and an active regulation review program.

Q: You are requesting an additional two full time equivalents (FTEs) -- an additional administrative law judge and clerical support person. How many administrative law judges are there currently?

A: The Commission currently employs ten Administrative Law Judges and is seeking additional resources to support two additional judges previously authorized.

Q: Will these additional personnel be sufficient to handle the increased caseload?

A: Yes, we believe that the staffing levels requested for Fiscal Year 1987 will be sufficient to handle the anticipated workload levels.

Q: The backlog in Administrative Law Judge determinations will increase from 1,247 to 1,355 cases in FY 1987, or an increase of 8.6 percent. Is this an acceptable level of pending cases?

A: Although we are aware of the increase in the inventory of pending cases, we do not believe the numbers are unacceptable. ALJ productivity increases have been noted in FY 1985 and are projected in FY 1986. We believe that further gains can be made in FY 1987.

ADMINISTRATIVE LAW JUDGE (ALJ) DISPOSITIONS

Q: For FY 1987, you estimate a 7.6 percent increase in administrative law judge dispositions, as opposed to a 4.4 percent increase in FY 1986. What factors will contribute to this increase in dispositions?

A. The Commission is budgeted to hire two additional Administrative Law Judges during Fiscal Year 1986. In Fiscal Year 1987, these judges should be well versed in the Commission's responsibilities and able to increase the disposition rate.

REVIEW COMMISSION -- COMMISSION CASES

Q: Chairman Ford, on page 3 of your prepared statement you indicate that you expect the number of new commission cases received to increase from 43 in FY 1985 to 65 in FY 1986 -- a jump of more than 50 percent. What factors account for this sizeable increase?

A. It is difficult to identify any specific correlation for the expected workload increase. However, within the activities of the Federal Mine Safety and Health Administration there are a number of factors when combined would lead us to believe that the number of appeals will increase. These factors include: an increase in significant and substantial violations - up 14% in coal and 9% in metal/nonmetal for Fiscal Year 1985; fifteen hundred additional violations being special assessed; an increase in regular inspections of about 6%; and an active regulation review program which has been ongoing for the past several years.

REVIEW COMMISSION - COMMISSIONERS AND STAFF

Q: Last year's justifications indicated that you expected to fund 37 Commissioners and staff in fiscal year 1985. However, this year's justifications show that you only funded 28 positions. Can you tell us what caused the shortfall?

A. When the Commission appeared before this Subcommittee last year, there were two Commission Member vacancies. Support staff for these Commissioners, as well as other key Commission vacancies, were not filled pending appointment of two Commissioners and designation of the Commission Chairman. Although the appointment of two new Commissioners was anticipated in Fiscal Year 1985, it did not occur until the first quarter of Fiscal Year 1986 delaying necessary staffing.

NEW CHAIRMAN AND COMMISSIONERS

Q: The Commission has five Commissioners by law. I understand that two new Commissioners, including the new Chairman, have been confirmed by the Senate since our last hearing. Who are the new Commissioners and when did they come on board?

A. New Members are: Ford B. Ford, Chairman, appointed December 17, 1985 and Joyce A. Doyle, Commissioner, appointed October 28, 1985.

Q. When do you anticipate the next vacancy?

A. Commissioner Doyle's appointment will expire August 30, 1986.

STAFFING LEVEL

Q: Your FY 1987 full time equivalent (FTE) ceiling is 62, the same as for FY 1986. How many employees are currently on board?

A. There are 52 employees currently on board.

Q. Are there any vacancies? If so, which positions are vacant? When do you expect them to be filled?

A. There are 10 vacant positions: two Administrative Law Judges, four attorney-advisors, an executive director, a secretary to the executive director and two clerical support positions. All positions are expected to be filled by the end of fiscal year 1986.

REVIEW COMMISSION -- ADMINISTRATIVE LAW JUDGE

Q: Chairman Ford, I'm frankly mystified by an apparent discrepancy in your fiscal year 1986 and 1987 budget justifications. Last year's justifications stated that you had a balance of 980 administrative law judge cases as of October 1, 1984 (page 9). However, the following statement is on page 10 of this year's justifications: "At the beginning of fiscal year 1985 there were 1,274 cases pending in the Office of Administrative Law Judges. Since fiscal year 1985 started on October 1, 1984, how can you account for the added 294 cases?

A. The case discrepancies became apparent during the period the Commission was converting its records from a manual system to an automated system. With the built in audit capabilities of the computerized system, it was discovered that a particular type of case (remands) had inadvertently been dropped from the manual count. A one-time inventory adjustment was necessitated.

ALJ CASELOAD

Q: I'd like some information regarding your administrative law judge caseload. Can you tell us the average caseload per judge for fiscal years 1981 through 1985 and give us some idea of future trends? I'd also like to know the extent to which caseload changes are affecting the ability of your judges to dispose of cases. For example, how has the average disposition time changed between fiscal years 1981 and 1985?

A: The average caseload per judge has been declining. Data for fiscal years 1981-1985 is as follows:

Average Caseload End Of Year

FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
87	85	72	67	52

The average monthly disposition rates while declining in earlier years increased by 14% in FY 1985. Specific data is as follows:

Monthly Disposition Rate

FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
12.40	10.42	8.41	8.14	9.31

U.S. NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

STATEMENT OF ELINOR M. HASHIM, CHAIRMAN

ACCOMPANIED BY:
BESSIE MOORE, VICE CHAIRMAN
TONI CARBO BEARMAN, EXECUTIVE DIRECTOR
MARY ALICE HEDGE RESZETAR, ASSOCIATE DIRECTOR

OPENING REMARKS

Senator WEICKER. Next, we will hear from the National Commission on Libraries and Information Science represented by Elinor Hashim, Chairman and Bessie B. Moore, Vice Chairman. I see that your prepared statements are quite lengthy, so that we will include those in the record in their entirety. I can assure you that we welcome you here, Elinor. As an old personal and political friend of mine from Connecticut, no longer a constituent, I bet you find yourself in the same embattled condition that I find myself in most of the time around here, so you have got good schooling on that, and I trust you are handling the situation rather well, because, as I take a look at the budget that is before me for the presentation by you, it is zero and $690,000, with no change.

I would obviously inquire as to whether this is enough to do your job. When I say zero, it is the libraries themselves that have been zeroed. We will have a little comment on that, I hope. There is not much point in having your Commission if you don't have any libraries. You will just have a Commission and no libraries. If you had to choose, and we don't want to choose, I would rather have libraries and a Commission. I think the important thing is to have both a library and a Commission at a time when the function of libraries and the importance in our intellectual structure is being questioned by rather powerful forces.

So with it all out in front of us, please proceed to introduce those with you. It is always a pleasure having you here, and I look forward to your testimony.

INTRODUCTION OF ASSOCIATES

Ms. HASHIM. Thank you very much, Mr. Chairman. On my left is Bessie Moore, our Vice Chairman, and on our right is Toni Carbo Bearman, our Executive Director. As you mentioned, our statements are rather lengthy, and I assume they are in the record. I will give you a summary.

With your permission, I would like to highlight some things, because I think they are important.

Senator WEICKER. Sure, absolutely.

Ms. HASHIM. Before I do that, I would like to say that we certainly appreciate your continued support over the years. If I may be personal for a moment, I would say that I, as Chairman, have particularly appreciated your personal support. Thank you very much.

Senator WEICKER. Thank you. You also know, of course, that you have the total support of the chairman of the full committee, Senator Hatfield, who has really been one of the great advocates in this Nation of the library system.

Ms. HASHIM. Yes; he has, and we are aware of that. We are a very small agency by Federal standards, but we are the only presence for libraries at the Federal level, involving both the President and Congress. We are the only ones that coordinate activities at the Federal and State and local levels to address the national library needs of our citizens.

We are concerned about the needs, as well, of all types of libraries, as they attempt to achieve their goals of service. The plight of the Library of Congress, for example, affects the many libraries across the country that depend on the Library of Congress for services. It is, as Dr. Boorstin has stated, the Nation's library, and what happens to it as an institution is important to us all.

Some brief statistical information may be helpful in setting the stage for what I am about to say and underscoring the importance of our work. One in five Americans, approximately 27 million, is illiterate, that is, reads below the fourth grade level. It has been said that in addition, there are approximately 45 million people who can read to some degree, but well below high school level. Estimates of the total cost of illiteracy in the form of job incompetence, welfare payments, crime, lost taxes, remedial education, and unrealized earnings are in the range of $200 billion annually.

Persons aged 65 and older comprise the fastest growing segment of our population today. This rise is expected to continue into the early decades of the 21st century, when the baby boom generation reaches age 65. In addition, Americans are living longer. While the average life expectancy for men is now almost 70, and for women, 77.5, these numbers are expected to rise to the mid-1980's by the latter part of this century.

The 1980 census of population showed a significant migration of people from metropolitan to nonmetropolitan areas, and it is now estimated that 30 to 40 percent of our citizens live in rural communities. It is estimated that there are 103,774 libraries in the United States, a little over 15,000 public libraries, about 5,000 academic libraries, nearly 71,000 public school libraries, and more than 12,000 special libraries.

Public libraries receive 79.2 percent of their funding from local government, 7.7 percent from the State, 3.7 from the Federal Government, and 9.3 percent from other sources.

It is estimated that State and local governments spent a little more than $2 billion, or only four-tenths of 1 percent, of their total expenditures on public libraries in fiscal 1983.

The National Commission on Libraries and Information Science has long been concerned that illiteracy presents a major barrier to an individual's access to information. While many other groups are also concerned about literacy, the problem is so great, as I mentioned earlier, that all efforts are important.

Two exciting developments have taken place this year in the literacy area. One is the funding of the new title VI of the reauthorized Library Services and Construction Act [LSCA], which will enable the involvement of more State and public libraries in literacy programs; and the other is the new memorandum of understanding we signed recently with ACTION.

This is part of our continuing interest in seeing that older Americans are better served by libraries. Our program for the aging will be discussed in more detail by our Vice Chairman, but I wanted to mention our memorandum of understanding with ACTION, because as you know, ACTION is an organization for volunteers, and our older citizens can be used very productively in libraries as volunteers in the literacy efforts taking place in libraries all across the country. Our older citizens are a great, untapped resource in this country, and it is our hope that using them in library literacy efforts will be just the beginning of using their talents in many other areas.

Dr. Moore will probably also mention to you that we have a memorandum of understanding with the Administration on Aging, Department of Health and Human Services, and that has been extremely successful.

Our National Rural Program has either started or supported several innovative projects to strengthen rural library information services. Outstanding among these is the Intermountain Community Library and Information Services project, a pilot program for improving the delivery of information services to rural Americans in four Western States. Recently, the W.K. Kellogg Foundation awarded a $4.1 million series of grants to four universities, Utah State, Colorado State, Montana State, and the University of Wyoming, to help provide better lifelong educational opportunities for residents of rural communities and to establish contemporary information centers.

The Commission supported the pilot project and endorsed the program to the W.K. Kellogg Foundation. We have been told by the project director that our support and endorsement were essential to the grant proposal. We are, indeed, proud of the results.

As you know, legislation is pending in Congress authorizing a 1989 White House Conference on Libraries and Information Services. In response to Senate Joint Resolution 112, introduced by Senator Pell and House Joint Resolution 244, introduced by Congressman Ford of Michigan, the National Commission on Libraries and Information Science appointed a White House Conference Preliminary Design Group composed of members from the State, Federal, and local levels. The report of the preliminary conference design group unanimously endorsed by us at our December 1985 meeting proposes three overarching themes for a 1989 national conference: library and information services for productivity; library and information services for literacy; and library and information services for democracy.

These themes are areas of concern not only for us as a National Commission, but for all Americans. They are areas in which we have worked and will continue to work, but they are also areas which will still be matters of national concern in 1989.

Senator WEICKER. Elinor, I gather that Dr. Moore also has a little bit of a statement to make?

Ms. MOORE. Very, very brief.

Senator WEICKER. If we could, as I said, your statement in its entirety is going to be placed in the record. But we do have questions, and that is important.

Ms. MOORE. Senator, as you may have noticed, my statement consists of pointing out some specific examples of things that would not have happened without our Commission. I am considered the corporate memory of the group, since I am the only member that has been on the Commission its entire life. I was on the Johnson Presidential Advisory Commission that recommended a permanent commission. In consultation with our Chairman and our staff, we decided it would be good to put our very excellent record into the hearing record for the edification of other members of Congress, particularly new members and others who may not be aware of the fine record we have made.

It is a long statement. I think it is impressive that with such a small budget, we have been able to be the catalyst that has been the cause of things really happening. So my statement consists of that.

PREPARED STATEMENTS

Thank you, sir, and we certainly appreciate your efforts, and yours and the committee's strong support of us when we were in great need.

[The statements follow:]

STATEMENT OF ELINOR M. HASHIM

Mr. Chairman and Members of the Committee: I am grateful for the opportunity of appearing before you today to discuss the programs of the U. S. National Commission on Libraries and Information Science for FY1987. On behalf of the Commission, I would like to thank you for your support over the years. It is because of that support that we have been able to continue our important work which has had national impact on the provision of library and information services for our citizens. We hope that because of our testimony today we will merit your continued support.

The testimony of our Vice Chairman, Bessie Moore, will highlight our accomplishments since the inception of the Commission in 1970, and I will concentrate on more recent events.

As you know, the Commission was established by Public Law 91-345 as a permanent independent agency within the Executive Branch of government. Briefly stated, our charge is to advise the President and Congress on the library and information needs of the people of this country, and to recommend policies and plans to meet those needs. Our overall goal has been, and continues to be, the provision of equal opportunity of access to information for all citizens.

We are a very small agency by federal standards, but we are the only presence for libraries at the federal level, advising both Congress and the President. We are the only ones who can coordinate activities at the federal, state and local levels to meet the national/library information needs of our citizens. We are concerned about the needs, as well, of all types of libraries as they attempt to achieve their goals of service. The plight of the Library of Congress, for example, affects the many libraries across the country that depend on the Library of Congress for services. It is, as Dr. Boorstin has stated, "the nation's library", and what happens to it as an institution is important to us all.

Some brief statistical information may be helpful in setting the stage for what I am about to say, and underscoring the importance of our work. One in five Americans (approximately 27 million) is illiterate - that is, reads below the fourth grade level. It has been said that in addition, there are approximately 45 million people who can read to some degree, but well below high school level. Estimates of the total cost of illiteracy in the form of job incompetence, welfare payments, crime, lost taxes, remedial education, and unrealized earnings are in the range of $200 billion annually.

Persons age 65 and older comprise the fastest growing segment of our population today. This rise is expected to continue into the early decades of the twenty-first century when the "baby boom" generation reaches age 65. In addition, Americans are living longer. While the average life expectancy for men is now almost 70, and for women, 77.5, these numbers are expected to rise to the mid-eighties by the latter part of this century.

The 1980 Census of Population showed a significant migration of people from metropolitan to non-metropolitan areas and it is now estimated that thirty to forty percent of our citizens live in rural communities.

It is estimated that there are 103,774 libraries in the United States - 15,543 public libraries; 4,924 academic libraries; 70,854 public school libraries and 12,453 special libraries. (Special libraries include corporate, medical, legal, religious and federal libraries.)

The public libraries receive 79.2% of their funding from local government, 7.7% from the state, 3.7% from the federal government and 9.3% from other sources. It is estimated that state and local governments spent a little more than two billion dollars or four-tenths of one percent of their total expenditures on public libraries in FY1983.

The National Commission on Libraries and Information Science has long been concerned that illiteracy presents a major barrier to an individual's access to information. While many other groups are also concerned about literacy, the problem is so great, as I mentioned earlier, that all efforts are important.

We told you last year about our technology transfer program (with the Department of Defense) in which federally-developed computer technology was used by public libraries in adult literacy education. Pilot projects were conducted in both urban and rural libraries. These projects have been evaluated by experts from Carnegie Mellon University and were found to be cost-effective. The success of these projects has led to a proposal from a group in Pittsburgh to establish a computer-assisted adult literacy program based on the pilot projects, but with additional enhancements.

Two exciting developments have taken place this year in the literacy area: one is the funding of the new Title VI of the reauthorized Library Services and Construction Act, which will enable the involvement of more state and public libraries in literacy programs; and the other is the new Memorandum of Understanding we signed recently with ACTION. This is part of our continuing interest in seeing that older Americans are better served by libraries. Our program for the aging will be discussed in more detail by our Vice Chairman, but I wanted to mention the Memorandum of Understanding with ACTION because as you know, ACTION is an organization for volunteers, and our older citizens can be used very productively in libraries as volunteers in the literacy efforts taking place in libraries all across the country. Our older citizens are a great untapped resource in this country, and it is our hope that using them in library literacy efforts will be just the beginning of using their talents in many other areas.

As Dr. Moore will tell you, our Memorandum of Understanding with the Administration on Aging, Department of Health and Human Services, has been tremendously successful as an example of cooperation between two federal agencies. We have brought our respective networks together on the state level, and we ourselves are meeting regularly on the federal level to develop plans for achieving the goals of our agreement.

One of our more successful initiatives has been the National Rural Library and Information Services Development Program, (NRLISDP). It has been on the Commission's agenda for the past five years, and has only recently been removed as a priority program because we believe that the objectives we set for ourselves when we launched the program have been met. Because of this program, the information needs of rural communities will be better met in the years to come than they have been in the past.

Our national rural program has either started or supported several innovative projects to strengthen rural library and information services. Outstanding among these is the Intermountain Community Library and Information Services (ICLIS) project, a pilot program for improving the delivery of information services to rural Americans in four Western states. Recently, the W. K. Kellogg Foundation awarded a 4.1 million dollar series of grants to four universities (Utah State University, Colorado State University, Montana State University, and the University of Wyoming) to help provide better lifelong education opportunities for residents of rural communities and to establish contemporary information centers.

Eight community libraries - two per state - have been selected to become the learning and information centers in their respective communities. The four state libraries and the land grant universities and their extension services have formed a partnership cooperating with the community libraries in the ICLIS project.

From the public library community's viewpoint, ICLIS is also a unique and magnificent opportunity for rural libraries. The project will demonstrate that rural libraries can become extensions of universities and make major contributions to education in rural areas. In addition, the ICLIS program also plans to show that with the proper resources, these libraries can become the information centers for small local governments, institutions, businesses and individual citizens.

The Commission supported the pilot project, and endorsed the program to the W. K. Kellogg Foundation. We have been told by the project director that our support and endorsement were essential to the grant proposal. We are indeed proud of the results.

An agency as small as the Commission cannot do its job without assistance from other federal agencies. In 1980 USDA detailed the former Executive Officer of the National Agricultural Library to help us design and develop our National Rural Library and Information Services Program.

I am pleased that the Commission voted at our most recent meeting to make Gerald J. Sophar, the USDA employee, our advisor on rural and community affairs. Mr. Sophar is retiring from Federal Service.

An outgrowth of our National Rural Library and Information Services Program was a recommendation to the Secretary of Agriculture that a National Advisory Board on Rural Information Needs (NABRIN) be established in USDA. This recommendation has not been accepted at this time due to budget constraints and the cautionary language of the Federal Advisory Committee Act of 1972, which says new advisory committees should not be established unless they are deemed absolutely necessary. While we believe the necessity exists, we understand USDA's position, especially when we consider the superb support that agency has provided to the Commission. We look forward to continuing our work with the National Agricultural Library to implement the recommendations of the National Advisory Board on Rural Information Needs (NABRIN) Planning Committee.

As you know, legislation is pending in Congress authorizing a 1989 White House Conference on Libraries and Information Services. In response to S. J. Res. 112 introduced by Senator Pell and H. J. Res. 244, introduced by Congressman Ford of Michigan, the National Commission on Libraries and Information Science appointed a White House Conference Preliminary Design Group, composed of members from the state, local, and federal levels. The representatives were chosen from the Chief Officers of State Library Agencies (COSLA), the White House Conference on Library and Information Services Task Force (WHCLIST) and NCLIS. They were given four specific charges:

1. Make recommendations on the kinds of appointments which should be made by the President, Senate, House and NCLIS to the 30 member National

Advisory Committee (National Conference Committee), taking into consideration minority representation and geographic distribution,

2. Prepare a preliminary design which will recommend the scope and focus of the Conference,

3. Frame the different alternatives for financing the Conference, and

4. Initiate planning for the schedule of events leading to the Conference.

The report, unanimously endorsed by NCLIS at our December 1985 meeting, proposes three overarching themes for a 1989 national conference: library and information services for productivity, library and information services for literacy, and library and information services for democracy. These themes are areas of concern not only for us as a National Commission, but for all Americans. They are areas in which we have worked and will continue to work, but they are also areas which will still be matters of national concern in 1989. We believe the White House Conference process is an important one for the nation, because it heightens awareness of library services and involves many citizens. It has been documented that the 1979 White House Conference resulted in greater funding for libraries on the state and local levels, and also resulted in the proliferation of Friends of the Library Groups around the country. It seems particularly likely now with the financial crisis facing our federal government, that any increased support for libraries will have to come from state and local governments. With increasing pressure for funding from many other groups on the state and local levels, it is imperative, if libraries are to survive the great competition for funds, that they have the visibility and grassroots support to gain their share of funding.

For FY1987, the Commission proposes to concentrate its efforts in four major program areas. Our major thrusts will be to: 1) promote information - finding skills; 2) strengthen library and information services for governance;

3) improve the productivity of knowledge workers, and 4) improve the dissemination of government information.

Our interest in skills involved in finding and using information grew out of our discussions of the Department of Education's report "A Nation at Risk". While the report recognized that effective participation in our "learning society" requires each person to be able to manage complex information in electronic and digital form, there was no reference to the importance of finding and using information as skills essential to lifelong learning. In FY1986, we will complete work on defining these skills, and will have identified what has already been done to promote development of information skills within schools. We are working with school librarians, media center directors and school administrators to identify what has been done in this area. In FY1987, the Commission will work with the Department of Education and the private sector to establish a national program for recognition of outstanding projects that teach information-finding and using skills. The purpose of the recognition program is to develop widespread awareness of the importance of school libraries in undergirding the curriculum, and the contributions they can make to education. We believe that many of the deficiencies enumerated in "A Nation at Risk" can be corrected by teaching the skills of finding and using information effectively. We will collaborate not only with the Department of Education, but also with the American Association of School Librarians division of the American Library Association, the Chief State School Officers and others to design this program.

Local libraries have great potential for serving as information resources for local governments, business, community groups and individual citizens. Our aim is to strengthen library and information services for local governance. This new program for FY1986 is a two-pronged effort: 1) to determine the availability of information for governance at the local level and 2) to determine ways to provide a more cost-effective flow of information from the federal government for local use in decision-making. Stated simply, we are trying to ensure that the local library/information center is used as a primary resource for government officials and citizens about subjects, problems and issues that are important to their communities.

In connection with our program on local governance, we have established an ad-hoc committee within the Commission to work closely with the U.S. Bicentennial Commission to encourage the inclusion of all types of libraries in the celebration of the bicentennial of the Constitution.

In FY1987, we plan to identify and promote exemplary partnerships between libraries and local governments, to continue to encourage more cost-effective flow of information from the federal government for local use in decision-making, and to continue to encourage the inclusion of all types of libraries in the celebration of the bicentennial of the Constitution.

At all levels of government and in the private sector, there is concern about declining productivity and ways to improve it. We believe that the effective use of information is the key to improving the productivity of government knowledge workers.

We participated in the first U.S./U.K. meeting on Information and Productivity held in the U.K. in 1984 and have been working to implement recommendations of that meeting. Next month, a trilateral conference (the U.S., the U.K, and Canada) on the Role of Information in the Economy will be held in Massachusetts. The Commission has worked in cooperation with the British Library and the Institute for Research on Public Policy in Canada to organize this conference which will be funded by the private sector.

In FY1987, we plan to work to implement recommendations of this conference, but our major thrust will be to prepare a report on the means by which the effective use of information can improve the productivity of government knowledge workers or help them "work smarter". Appropriate information technology is available, and proper application of this technology can assist in achieving increased productivity. This report will be disseminated widely within the government, and will have implications for the private sector as well.

The need to improve the dissemination of government information is one of the most important information policy concerns for NCLIS. Our program on information for governance, for example, depends on the timely availability of valuable government information. In FY1986, we will continue to assist federal agencies, as needed, in developing information policies; we will review the issues and recommendations in the 1976 Report to the President, National Information Policy and update appropriate sections; and we will intensify efforts to improve the dissemination of government information, especially through the Depository Library System. In FY1987, we plan to encourage the Administration and Congress to focus on major information policy issues and continue our work to improve the dissemination of government information.

Before concluding, I should like to mention another area of library/information services which is important, and in which we are involved - that is, networking and resource sharing. Working with the Library of Congress Network Advisory Committee and the library/information community, we encourage widespread use of new information-resource sharing techniques. Cost-effectiveness, avoidance of duplication of materials and effort, increased access to information, and reduction of financial barriers to users are some of the reasons why networking is important. With the continued increase in the numbers and types of materials available, increased demands on the part of users, and shrinking resources, the appropriate use of information technology becomes not only desirable, but essential. We will continue to work with the Library of Congress Network Advisory Committee on the critical task of determining a common vision of nationwide networking.

In conclusion, let me state that we are acutely aware of the financial constraints facing our government, and are committed to assisting in finding solutions. We do believe, however, that we are among the most cost-effective of government agencies, and that the benefits of our work reach all Americans. Our budget for FY 1986 is the same as our budget for FY 1979. It is true that we have had some increases over the years, but we have managed with a relatively stable budget and increased costs, by using the services of experts in the field and calling on the private sector for assistance.

Our work is not duplicated by any other agency, and we are convinced that much of what has been accomplished in the past for the improvement of library/information services would not have happened without us. We look forward to continuing to be of service so that all Americans can benefit from equal opportunity of access to information.

Thank you for the opportunity of appearing before you today.

STATEMENT OF BESSIE B. MOORE

Mr. Chairman, I am honored to be here to testify before your committee today. As the only Commissioner who has been reappointed continuously to NCLIS since 1970, I serve as the corporate memory of our small permanent and independent agency. I am also that Commissioner required by our authorizing legislation who "shall be knowledgeable with respect to the library and information service and science needs of the elderly." Providing for the specialized information needs of older Americans is an example of the interest the Congress exhibited in the aging when it amended P.L. 91-345 in May of 1973 to include "the elderly along with other special populations." Today we older people are the fastest growing segment of the U.S. population, and our need to know is increasing even faster than our numbers. The legislation that established NCLIS also anticipated the revolutionary improvements in information technology that have affected our society so greatly in the last 15 years. Congress did such a good job with this law that I think we would probably write it the same way today with only minor changes.

The 15th anniversary of NCLIS is a good time to remember the accomplishments of the past. In my role as corporate memory I put together a list of things we have accomplished since our first meeting to show how we have complied with our mandate in P.L. 91-345. This list is a part of my statement for the official record.

A man I met recently at a dinner party asked me, "What does a little agency with such a long name DO?" It seems to me that in our fifteen years of existence we have done an amazing amount for library and information services in this country. You might say that we have been like yeast to good bread--yeast because we serve as a catalyst to make things happen, and bread because information is now one of the most essential resources of our society and our economy.

The Commission has not only met its mandate; it has done so with creativity and vigor. We have always been alert to what we call "targets of opportunity." One of these occurred ten years ago when then Vice President Nelson Rockefeller led an important study of the Domestic Council Committee on the Right of Privacy. It was entitled "National Information Policy" and it discussed the needs, issues, and concepts in this area so comprehensively that it is still completely valid today. The Council was unable to publish the report because of budgetary constraints; however, since NCLIS had put on a two-day forum on the subject in cooperation with the Domestic Council, and since the Commission had responsiblity for advising on information policy, the Domestic Council asked us to publish the report. National Information Policy has been in demand ever since and has contributed greatly to an area of increased emphasis and importance.

As the Domestic Council realized, information has enormous potential for making our economy more productive. The Commission understands this contribution of information to national productivity and is working with many other agencies and groups to apply this knowledge. From the very beginning we have also sought to understand the human dimension--how ready access to the right information can make people more productive in their lives and work. For fifteen years the Commission has gone out and listened to citizens describe their needs for library and information services. Throughout this time we have also been working with Congress, the Executive Branch, State and local governments, associations, and the private sector to devise and implement ways to meet this spectrum of needs. We have made great strides in some areas, but our work will not be finished until the sheepherder in Montana has the same access to information as the person who lives two blocks from the New York Public Library. That is what the Commission does.

But that is not quite how I answered the question posed by the man at the dinner party. I gave him some examples of how the Commission has made a difference--of things that simply would not have happened if there were no National Commission on Libraries and Information Science. One of these examples is in the area of library and information services to cultural minorities, which of course includes American Indians. Back in the late 1960s Indians came to a hearing held by the National Advisory Commission on Libraries, the Presidential advisory commission that preceded NCLIS (of which I was also a member), and told a sad story about the dearth of library services on or near their reservations. Later when the Commission held regional hearings in the mid-seventies, Indians came again, often travelling long distances to testify. NCLIS formed a special committee on services to Native Americans that visited reservations and saw firsthand the problems these Americans faced in gaining access to the information that could improve their lives. (I still have a vivid picture of the Acoma Tribe at their Pueblo in New Mexico.) We also heard the testimony of a Southwestern State Governor who told us, "the Indians fall between the cracks." We began working with the Bureau of Indian Affairs at the Department of the Interior where we helped develop a "Library, Media, Information Plan for Reservations." When NCLIS coordinated the massive process for the 1979 White House Conference on Library and Information Services, the Indian Nations were invited to hold their own preconference in addition to the 56 other State and territorial preconferences. The national White House Conference carried forward the recommendation that services to Native Americans be improved through an Indian Omnibus Act. The Commission advised Congress to include services to Indians in the Library Services and Construction Act, and in 1984 this became a reality when the LSCA reauthorization was passed with a new Title IV authorizing funding directly to Indian tribes. The American Indian Library Association was also formed as a result of the White House Conference. The Indians have not forgotten us after all these years: recently when a HEA IIb contract was awarded to the University of Oklahoma to provide training and technical assistance to improve public library services for Native American Tribes, a member of the NCLIS staff was asked to serve on the advisory committee and to provide liaison with NCLIS.

A few years ago the Commission convened a high level task force to study library and information services to cultural minorities, and another on Community Information and Referral Services (CI&R) in libraries. Out of these came published reports that are definitely not sitting on a shelf gathering dust! The American Library Association and other groups are working hard to implement the practical recommendations in these reports. We have just received word from Adelphi University that they have successfully implemented the CI&R model the NCLIS Task Force on

Community Information and Referral recommended in its report. The Adelphi program is also testing the use of senior citizen volunteers in library-based programs, and this is another area in which NCLIS is playing an important catalyst role.

Our work in the NCLIS aging program is dear to my heart. I know firsthand about the increased need for "coping information" as one gets older, and the difficulty of finding it. Doctors are now urging older people to take more responsibility for their own health; "young" retirees in their 50s and 60s are trying to adjust to sudden changes in their lifestyles and identities; families are facing the social effects of Alzheimer's and other diseases of aging; new housing arrangements are evolving to meet the needs of an independent older population. There are answers to these problems, and most of them can be found in the two agencies that exist in every county in America--the public library and the local office on aging. It would seem to be the most logical thing in the world for these two agencies to combine their efforts, but it took action initiated by NCLIS to bring them together. As a result of our work, NCLIS and the Administration on Aging in the Department of Health and Human Services have signed a Memorandum of Understanding (MOU) that commits them to work together at the Federal level and through their respective networks to improve services to the elderly. NCLIS and AOA representatives meet regularly to discuss progress and chart new cooperative programs.

In just a year's time several states have followed our lead with formal MOUs between state library agencies and state offices on aging, and programs are springing up everywhere to bring together local librarians, gerontologists and professionals in service to the aging. One of these was a workshop in my home state of Arkansas entitled "Librarians and Gerontologists: A New Coalition." Funded by a grant from the Administration on Aging, Department of Human Services, and the University of Arkansas, it brought together gerontologists, librarians, AARP and other association representatives, and professionals who serve the aging to learn from each other and from distinguished specialists about the problems of ageism, the physical, mental and emotional effects of aging, and ways in which libraries and other agencies can provide more effective services to the elderly. Just last week the Arkansas State Library and the State Office on Aging cosponsored another workshop for librarians, professionals in area offices on aging, and other groups and agencies concerned with aging and literacy. Jonathan Kozol, probably the foremost advocate of literacy in this country, was the keynote speaker. In addition, several LSCA grants have been announced recently in Arkansas, as well as in many other states, to bolster service to the aging. I am 83 years old and my state is third in the nation in percentage of people over age 65. Therefore it is doubly rewarding for me to see that in Arkansas, the coalition is REALLY working. The Commission has just signed a similar MOU with ACTION to promote the use of senior volunteers in libraries. This will benefit older people and use their talents in literacy programs and other areas.

Isolated rural residents and displaced farmers are another group of "information poor" citizens in our country. NCLIS has been working in partnership with the Department of Agriculture and the land grant universities for several years to study and address their needs. Our Chairman has just told you about our exciting progress in this area. It was the presence of NCLIS at the Federal level that helped focus national attention on rural library and information needs.

The National Commission is not only an important catalyst; it is a force for resolving conflict between major forces in the information world. I remember when NCLIS helped break a deadlock that cleared the path for some very important legislation. In 1976 Congress was trying to get the new Copyright Law passed--its first real overhaul since 1909. The publishers and the librarians were at loggerheads over the photocopying section of the proposed law. Publishers thought photocopying in libraries would ruin them; the librarians didn't agree. At a crucial point NCLIS came up with the suggestion for a five-year review of photocopying in libraries. This cooled down the controversy and became one of the provisions of the new law.

We have been very effective in bringing together representatives from the public and private sectors to discuss potentially divisive topics such as national information policy and the dissemination of Federal information. The Commission anticipated the current climate when it created a task force on Public/Private Sector Interaction in Providing Information Services back in 1979. This distinguished group's report has been widely commended as a valuable contribution to public sector-private sector cooperation. The Commission itself has pioneered in initiating public-private sector projects; for example, we teamed up with IBM in 1982 to study the impact of information technology, and with AT&T and others to create a highly successful information center at an international conference last year. We are currently enlisting the support of business leaders to help tomorrow's information professionals acquire the necessary skills to be fully effective in our information-based economy.

I don't think it's an overstatement to say that the 1979 White House Conference on Library and Information Services was one of the greatest grassroots gatherings in American history. It involved the time and talents of 100,000 people in 56 preconferences and a national conference. It resulted in 64 major resolutions and a dedicated nationwide network set up to implement them. This effort has been so successful that nearly 86 percent of the recommendations have been implemented or have seen significant progress toward implementation. Services to the Indians was just one example; I could give you many others that have truly made a difference in people's lives.

We learned from our 1979 experience that a White House Conference can be an effective tool for developing public policy in response to the library and information needs of the people. Congress is now considering legislation that calls for NCLIS to conduct a second White House Conference in 1989. I have a dream that the 1989 conference could also make a practical contribution in the area of public policy on the aging. For example, the other day I looked in the Little Rock Yellow Pages and found 6 1/2 pages of medical specialists. Out of all those, only one was listed as a specialist in Geriatrics. That says something about the need for an update of our social policy on medical care for the elderly. I was so astounded that I paid a visit to the Medical School at the University of Arkansas to find out why more doctors are not going into the field of Geriatrics at a time when the number of people 65 and over in America is greater than the total population of Canada. I learned that it was not until 1984 that a program in Geriatrics was even started at the University. I also learned that much more could be done if public policy supported this area--if, for example, there were incentive programs for residencies in Geriatrics similar to the incentive programs for doctors to practice in rural areas.

What can libraries do about this? They can provide information to interested organizations and citizens, and encourage public discussion of local issues. Under its local governance program, NCLIS will encourage local libraries to become active--not passive--distributors of information on local, regional, and national issues to both the legislators and the people. We want local citizens and governments to think of the library as the Information Place for all their needs--personal, governmental, and societal.

"You really operate where the rubber hits the road." That was the conclusion of the man at the dinner party when he heard a few examples of what the Commission does. I think we are in the forefront of the new Federal Government--small and lean, but highly effective. Now, even more than in 1970, when the Commission was established, matters concerning library and information services require a national perspective. I believe in remembering and building on the accomplishments of the past, but my sights are set on the future of our agency. My continuing dream is of equal opportunity of access to information throughout our land.

Thank you, Mr. Chairman, for the opportunity to appear before you today.

APPENDIX I

U.S. NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

A History

NCLIS programs and accomplishments since 1971 are listed under the relevant section of our enabling Public Law, P.L. 91-345.

Note: The Public Law is underlined and in brackets.

[Public Law 91-345, signed July 20, 1970, amended by Public Law 93-29, May 3, 1973

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Commission on Libraries and Information Science Act."

Section 2. Statement of Policy

The Congress hereby affirms that library and information services adequate to meet the needs of the people of the United States are essential to achieve national goals and to utilize most effectively the Nation's educational resources and that the Federal Government will cooperate with State and local governments and public and private agencies in assuring optimum provision of such services.]

NCLIS Cooperation

NCLIS works with federal, state and local governments and agencies, libraries, citizens organizations and the private sector to improve library and information services for all citizens.

[Section 5. (a) The Commission shall have the primary responsibility for developing or recommending overall plans for, and advising the appropriate governments and agencies on, the policy set forth in section 2. In carrying out that responsibility, the Commission shall --

(1) advise the President and the Congress on the implementation of national policy by such statements, presentations, and reports as it deems appropriate;]

NCLIS has addressed this charge by working in the following fifteen areas:

Assistance to Congress

- At the request of the House of Representatives Science and Technology Committee, NCLIS provided expert advice on a bill calling for establishment of an Institute for Information Policy and Research. We also worked on other programs on the protection of intellectual property.

- NCLIS provided advice, at the request of the Senate Judiciary Committee, on a bill proposing a National Commission on the Lending of Authors' works which would compensate authors for the lending of their works by lending institutions.

- At the request of the House and Senate Committees on the Judiciary, NCLIS participated in a Congressional symposium on copyright and technology. One of the themes that emerged is how Congress can best position itself to maintain a balance between production and compensation in order to compensate for creative work and protect intellectual property as well as protect the public interest.

- NCLIS was consulted by Congressional committees about the implications on the U. S. information industry if the U. S. were to withdraw from UNESCO.

Office of Technology Assessment

- The Office of Technology Assessment (OTA) included a NCLIS Commissioner and former Chair on an expert panel to review the issues and prepare an assessment on "Intellectual Property Rights in an Age of Electronics and Information."

- NCLIS has been named an advisor to OTA on their two-year study on the topic of "Federal Government Information Technology: Administrative Process and Civil Liberties."

Rural Information Needs

- NCLIS assisted the Congress in coordinating and conducting a Congressional hearing on The Changing Information Needs of Rural America: The Role of Libraries and Information Technology.

Older Americans Act

- NCLIS worked with the Congress on the reauthorization of the Older Americans Act (OAA) by providing information on surveys requested by the Senate, and presenting testimony reflecting the need to specify that public libraries could be recipients of OAA grants.

Copyright

- NCLIS was instrumental in working out the five year review component which allowed the deadlocked Copyright Act of 1976 to proceed.

Literacy, Productivity and Democracy Conference

- NCLIS is working with Congress to plan and conduct a conference in 1989 to increase literacy, productivity and an understanding of the democratic process in America through better utilization of libraries and information services.

Technical Assistance

- NCLIS gives technical advice and assistance on a wide range of library and information topics to Members of Congress and their staffs, Congressional Committees and agencies in the Legislative and Executive Branches.

Library Services and Construction Act

- NCLIS provided technical assistance to the House and Senate on the reauthorization of the Library Services and Construction Act (LSCA). NCLIS urged that recomendations of the White House conference on Library and Information Services (WHCLIS) be included in the law. Twenty-two of the sixty-four resolutions are addressed in full or in part by the new LSCA. The Commission urged that ten major concepts arising from its studies of library and information needs be incorporated in the law, including Title IV, Library Services to Indian Tribes.

- NCLIS assisted the Congress in coordinating and conducting Congressional hearings on the reauthorization of the Library Services and Construction Act.

Higher Education Act

- NCLIS provided technical assistance to the House and Senate on the reauthorization of the Higher Education Act.

First White House Conference on Library and Information Services

-NCLIS worked with Congress and three administrations to draft, pass and implement Public Law 93-568 calling for a 1979 White House Conference on Library and Information Services. Over 100,000 people were involved nationwide in 57 state and territorial preconferences. Of the 64 resolutions passed at the national level, progress has been made in implementing parts of 55 resolutions (parts of 22 resolutions were included in the LSCA, as reauthorized, based on NCLIS recommendations to Congress).

During the Conference NCLIS worked with Congress to cordinate a Joint Congressional Hearing on Library and Information Services on site.

Federal Support for Libraries

- NCLIS is working with Congress and federal agencies to develop policies and specifications for library/information legislation and to encourage the maximum return on the federal government's support of public libraries - approximately 4% of library revenues are provided by the federal government.

Censorship

- NCLIS was directed by the Congress to study the extent of censorship over the past decade (1975-1985) in American public and school libraries and how our society is responding to it.

Title 44 U.S.C.

- NCLIS worked with the Joint Committee on Printing (JCP) regarding the Ad Hoc Committee on Depository Library Access to Federal Automated Data Bases and the proposed revisions to the regulations of Title 44 of the U. S. Code. NCLIS advised the JCP to expand its view of federal publishing and printing responsibilities to include the larger perspective of federal information resources management.

Satellite Data

- NCLIS aided the Congress and the Administration in reaching agreement on policies for the archiving of satellite data as part of the commercialization of land remote-sensing satellites.

[(2) conduct studies, surveys, and analyses of the library and informational needs of the Nation, including the special library and informational needs of rural areas, of economically, socially, or culturally deprived persons, and of elderly persons, and the means by which these needs may be met through information centers, through libraries of elementary and secondary schools and institutions of higher education, and through public, research, special, and other types of libraries;]

NCLIS has addressed this charge by conducting 30 studies, appointing 8 taskforces and continues work in 5 additional areas.

See Appendix II for annotated list of all NCLIS publications.

Library and Information Services

- NCLIS has completed several major projects to improve library and information services in the nation, using different mechanisms such as task forces, consultants, blue ribbon panels, and in-house studies. For example, the Commission appointed task forces which generally worked for two years, held eight meetings, and had approximately 15 members (all experts in the subject with differing points of view) including three NCLIS Commissioners. They were not paid salary. They did receive per diem allowance for travel. Each task force issued a final report. The task forces were on the following subjects:

* Library and Information Services to Cultural Minorities
* Community Information and Referral Services
* Public Sector/Private Sector Interaction in Providing Information Services
* The Role of the School Library Media Program in Networking
* The Role of the Special Library in Nationwide Networks and Cooperative Programs (in cooperation with the Special Libraries Association)
* A Computer Network Protocol for Library and Information Science Applications

Among the other major studies are:

* The Role of the Library of Congress in the Evolving National Network
* Toward a Federal Library and Information Services Network

(Note: We have been forced to abandon the valuable method of using experts in the field because of budget restrictions.)

Governance

- NCLIS is assessing the role that public libraries play or could play in providing information to local governments.

Partnerships in Library Services to the Aging

- NCLIS continues its partnerships with the Administration on Aging and ACTION to improve library and information services to the elderly through local and state programs. This is the fastest growing population group in our country.

Rural Library and Information Services Program

- A senior staff member was on loan from the National Agricultural Library for six years to direct the Commission's Rural Library and Information Services program which is helping NCLIS identify and work toward filling the information needs of rural America -- over one-third of the United States population.

- NCLIS organized a National Advisory Board on Rural Information Needs (NABRIN) planning committee in cooperation with the U.S. Department of Agriculture (USDA). This committee has recommended that a NABRIN be established at USDA to focus on the information needs of rural America. This is in response to the testimony heard at the Joint Congressional Hearing on "The Changing Information Needs of Rural America--The Role of Libraries and Information Technologies."

- NCLIS was instrumental in establishing a new Special Interest Group on Rural Information Services in the American Society for Information Science (ASIS).

American Indian Library Association

- NCLIS encouraged the establishment of the American Indian Library Association which now has over 150 members.

Technology Transfer for Adult Literacy

- NCLIS initiated a demonstration project with the Department of Defense/Army Human Engineering Laboratory, for transfering technology developed by the U.S. Navy personnel R & D Center to local libraries for adult literacy programs. The Department of Education and the private sector have participated in discussions which explored the possibility of extending and expanding the demonstration project.

[(3) appraise the adequacies and deficiencies of current library and information resources and services and evaluate the effectiveness of current library and information science programs;]

NCLIS has appraised and evaluated resources, services and effectiveness of library and information programs in the following five areas:

Information Needs of the Aging

- NCLIS is working with the Chief Officers of State Library Agencies, the Administration on Aging, Department of Health and Human Services, National Association of State Units on Aging, National Association of Area Agencies on Aging, ACTION, and the Department of Labor regarding library and information services provided to the aging.

Information Skills

- NCLIS is working to promote the importance of information finding and using skills to help citizens of all ages to perform more effectively in an information society.

National Library Symbol

- NCLIS was instrumental in the Federal Highway Administration's adoption of a national library symbol for use on highway signs.

Library Services to American Indians

- NCLIS learned first-hand in regional hearings about the lack of library and information services to American Indians living on or near reservations. NCLIS worked with the Congress, the library and information community and the Indian community. This work resulted in Title IV of LSCA which provides federal support for library and information services for Indians living on or near reservations.

Appraising Higher Education Act Criteria

- NCLIS is directed in both the House and Senate bills reauthorizing the Higher Education Act, to conduct a survey for the Congress to evaluate the effectiveness of the criteria specified in the Act.

[(4) develop overall plans for meeting national library and informational needs and for the coordination of activities at the Federal, State, and local levels, taking into consideration all of the library and informational resources of the Nation to meet those needs;]

NCLIS has addressed this charge by working in the following areas:

Preliminary Conference Design Group

- NCLIS established a group of local, state and federal representatives to prepare recommendations for a 1989 White House conference on library and information services. These recommendations have been widely disseminated and call for a White House Conference as proposed in pending legislation.

Nationwide Resource Sharing

- In addition to the numerous studies related to networking listed in Appendix II, the Commission works with the Library of Congress Network Advisory Committee toward the improvement of library and information services through library cooperation and nationwide resource sharing.

Technology Assessment

- NCLIS completed a series of studies on the implications of the new information technologies for the library and information field, including an examination of how information technology can contribute to increased productivity.

Resident Expert on White House Conferences

- NCLIS is consulted frequently as the federal agency with expertise on how to hold an effective and productive White House Conference. For example:

  - NCLIS worked with the White House Conference on Productivity to assure that the management of information resources was included and helped conference participants understand the role of information in national productivity.

- NCLIS worked with the White House Conference on Small Business to assure that literacy, productivity and the importance of public library resources to small businesses were included.

Role of Fees

- With the Council on Library Resources providing the funds, NCLIS produced a report on "The Role of Fees in Supporting Library and Information Services in Public and Academic Libraries."

Combating Illiteracy

- NCLIS continues active participation in the Coalition for Literacy as part of its efforts in combatting illiteracy.

Statistics

- NCLIS has assisted the Department of Education's Center for Statistics (CS)--formerly the National Center for Education Statistics--in collecting data on public libraries from the states. NCLIS co-hosts with the Center a semi-annual meeting which provides a forum for the library and information community to keep up-to-date on CS activities in the library/information area and provides CS the opportunity to learn, first hand, the statistical needs of the library and information community.

1990 Census

- NCLIS is represented on the Office of Management and Budget's Federal Advisory Committee on the 1990 Census.

Dissemination of Federal Information

- NCLIS works to improve the dissemination of federal information by continuing to assist senior government officials with their efforts to improve the management of information resources.

Contracting Out of Library Services

- At the request of Congress and the Office of Management and Budget (OMB), NCLIS provided a forum for the discussions of contracting out of library services under OMB Circular A-76. Congress and OMB determined that NCLIS was the appropriate agency to chair and coordinate the meetings to discuss how well the contracting out of library services is working, which services lend themselves to contracting out and which do not.

Recruiting and Educating Information Professionals

- In cooperation with the Association for Library and Information Science Education (ALISE), library and information graduate schools and the information industry, NCLIS has established a roundtable on Support for Education of Library and Information Professionals. The goal is to explore ways to enlist current and future employers in the private sector to identify cooperative programs to provide resources needed by library and information science graduate schools for the support of the education of information professionals.

NCLIS/IFLA Information Center

- NCLIS coordinated private sector cooperation to provide an information center to showcase United States technology at the 1985 conference of the International Federation of Library Associations and Institutions (IFLA). The information center was produced with the cooperation of almost 50 different groups ranging from small educational publishers to AT&T Bell Laboratories which contributed a total of over $800,000 in hardware, software, database access, publications,and other resources. It will become a permanent working information center for NCLIS, housed at the Commission headquarters and is available for use by other federal agencies, public and private groups and for visitors from around the world.

Continuing Education

- NCLIS was instrumental in setting up the permanent Continuing Library Education Network and Exchange (CLENE).

Information and Productivity

- NCLIS co-hosted with the British Library the first US/UK bilateral meeting on information and productivity. A second conference on The Role of Information in the Economy, with representatives from industry, government, and academia from the U.S., U.K., and Canada will be held in May, 1986.

[(5) be authorized to advise Federal, State, local, and private agencies regarding library and information sciences;]

NCLIS has addressed this charge by working in the following eight areas:

International Information Transfer

- At the request of the Department of State, NCLIS is working with the library/information/archives community to maintain U.S. involvement in international information-related programs and improve the process of international information transfer.

NCLIS Provides International Advice

- At the request of the USIA, NCLIS was invited to advise the Argentine Library Association on library and information services.

- At no expense to the government, the NCLIS Vice Chairman visited and advised the Australian National Commission, which was set up using NCLIS as a model.

- At no expense to the government, a Commissioner visited and advised the Peoples Republic of China and Taiwan on library and information services.

- At the request of USIA, the NCLIS Chairman represented the U.S. at the IFLA conference in Nairobi, Kenya.

- NCLIS has assisted the USIA in revitalizing and strengthening its book and library-related programs abroad. The U. S. Books Abroad Task Force, of which NCLIS is a member, was established at the request of the National Security Advisor.

- Since 1971 persons from all over the world have visited Commission Headquarters, including 150 representatives from 37 foreign countries. We have also had visitors from most of the fifty states and the territories.

Training Indian Librarians

- NCLIS is an advisor to the Training and Assistance for Indian Library Services (TRAILS) program at the University of Oklahoma.

Public/Private Sector Cooperation

- NCLIS continues to work with the private sector (both for-profit and not-for-profit) and libraries to improve the education of information professionals, the recruitment of excellent students into the information profession, and the delivery of information products and services needed by users.

Departments of Defense and Education

- As part of the President's initiative on adult literacy, NCLIS continues working with the Department of Defense, the Department of Education, and local volunteer literacy programs to improve the effectiveness of literacy programs in libraries through technology transfer. This helps implement the Stevenson-Wydler Technology Innovation Act of 1980, P. L. 96-480, regarding the transfer of technology developed with federal funds to the public.

Department of Agriculture

- NCLIS works with the Department of Agriculture and local and state groups toward meeting the information needs of citizens living in rural areas.

IBM Partnership

- NCLIS and IBM formed a partnership in which IBM loaned NCLIS personnel for one year to conduct studies on technology and productivity.

Standards for Federal Librarians

- NCLIS analyzed and transmited to the Office of Personnel Management, the concerns of the library and information community concerning the proposed OPM standards for federal librarians and expressed its willingness to assist by convening an advisory group that helped develop revised standards responsive to the concerns of the community.

[(6) promote research and development activities which will extend and improve the Nation's library and information-handling capability as essential links in the national communications networks;]

NCLIS has addressed this charge by promoting research and development activities in the following five areas which relate to networking:

Library Services and Construction Act

- NCLIS urged the Congress to include a strong commitment to networking in the reauthorization of LSCA. The Act now encourages and supports extending and improving the Nation's library and information-handling capability as essential links in the national communications networks.

Federal Activities

- NCLIS continues its ongoing work as a member of the Library of Congress Network Advisory Committee (NAC).

- NCLIS contributed to the Library of Congress' Network Development Office for activities relating to networking such as development of the Subject Cataloging Manual and Library of Congress Subject Headings.

School Library Networking

- NCLIS' Study on School Library Media Program in Networking is being used at the state level.

Special Library Networking

- NCLIS cosponsored with the Special Library Association (SLA) a Taskforce on the Role of Special Libraries in Networking and Cooperatives.

Public/Private Sector Taskforce

-NCLIS Public/Private Sector Taskforce Report includes recommendations on networking.

[(7) submit to the President and the Congress a report on its activities during the preceding fiscal year;]

- NCLIS has submitted annual reports to the President and the Congress.

[(8) make and publish such additional reports as it deems to be necessary, including, but not limited to, reports of consultants, transcripts of testimony, summary reports, and reports of other Commission findings, studies, and records as it deems appropriate.]

In addition to its 14 annual reports the Commission has published 65 articles, reports and related papers. See Appendix II for the complete list.

Among the many publications in the last twelve months by NCLIS Commissioners and staff are the following selected items:

- Censorship Activities in Public and Public School Libraries 1975-1985.

- The Five Year Review of Progress Made Toward Implementation of the 64 Resolutions Adopted at the 1979 White House Conference on Library and Information Services.

- The Final Report of the 1989 White House Conference on Library and Information Services Preliminary Design Group.

- "An NCLIS Library Statistical Sampler." Library Journal, October 15, 1985.

The following articles appeared in the Journal of the American Society for Information Science, November 1985:

- Bearman, Toni Carbo, Co-editor. "Perspectives on . . . The National Commission on Libraries and Information Science."

- Hashim, Elinor M. "National Commission on Libraries and Information Science: A Brief Overview."

- Juergensmeyer, John E. and Sarah G. Bishop. "Access to Information: The Dream and Reality."

- Moore, Bessie Boehm and Christina Carr Young. "Library/Information Services and the Nation's Elderly."

The following 19 products emanated from the 1979 White House Conference on Library and Information Services.

- The Final Report - Information for the 1980's, The 1979 White House Conference on Library and Information Services
- The Final Report - Summary, The 1979 White House Conference on Library and Information Services
- Bringing Information to People, 20 minute videotape
- The White House Conference Program Book
- The Reference Book Collection of the Conference Information Center
- Dialogues on the Future of Library and Information Services 3 audiotapes
- Federal Funding Alternatives
- New Communication and Information Technologies and Their Applications to Individual and Community Use: A Theme Conference
- International Information Exchange: A Theme Conference Summary
- Libraries and Literacy: A Summary Report
- Structure and Governance of Library Networks: Issues for Consideration
- Library and Information Services for Increasing International Understanding and Cooperation: A Discussion Guide
- Library and Information Services for Effectively Governing Society: A Discussion Guide
- Library and Information Services for Improving Organizations and the Professions: A Discussion Guide
- Library and Information Services for Enhancing Lifelong Learning: A Discussion Guide
- Library and Information Services for Meeting Personal Needs: A Discussion Guide
- Issues and Resolutions: A Summary of Pre-Conference Activities: A Graphic Presentation
- Issues and Resolutions: A Summary of Pre-Conference Activities
- Bringing Information to People, a poster

[(b) The Commission is authorized to contract with federal agencies and other public and private agencies to carry out any of its functions under subsection (a) and to publish and disseminate such reports, findings, studies, and records as it deems appropriate.]

Department of Commerce

- The Department of Commerce contracted with NCLIS to advise them on the archiving of data from satellites.

Library of Congress

- NCLIS contracted with the Library of Congress (LC) to assess the sharing of resources and services between federal libraries and information centers and non-federal libraries.

- NCLIS contracted with LC Network Development Office to develop and promote networking activities.

Health and Human Services

- NCLIS and the Administration on Aging (AoA) signed a Memorandum of Understanding to work toward common goals.

ACTION

- NCLIS and ACTION signed a Memorandum of Understanding to work toward common goals.

Department of State

- Beginning in FY 1983, NCLIS became the Secretariat for the United States National Committee to the UNESCO General Information Program. After the U.S. withdrew from UNESCO, the State Department asked NCLIS to advise on international library/information/archives programs that further U.S. objectives and should continue during our official absence from UNESCO. The Commission is working with representatives of the library/information community most concerned with international information programs to advise the State Department on ongoing activities that should receive funding under the Foreign Assistance Act.

National Science Foundation

- NCLIS contracted with the National Science Foundation and the Council on Library Resources to study copyright and national bibliographic control.

Commission on Copyright

- NCLIS contracted with the National Commission on New Technological Uses of Copyrighted Works (CONTU) to work toward resolving the copyright problem.

[(c) The Commission is further authorized to conduct such hearings at such times and places as it deems appropriate for carrying out the purposes of this Act.]

NCLIS has assisted with several Congressional hearings and has held no less than a dozen hearings.

Cultural Minorities Hearings

- NCLIS held hearings on Library and Information Services to Cultural Minorities at the American Library Association Annual Conference, in San Francisco, California.

Rural Needs Hearings

- NCLIS assisted Congress in coordinating and conducting the Joint Congressional Hearing on "The Changing Needs of Rural America - The Role of Libraries and Information Technologies."

LSCA Hearing

- NCLIS assisted Congress in coordinating and conducting Congressional hearings on the reauthorizaion of the Library Services and Construction Act.

Joint Congressional Hearing at White House Conference

- NCLIS worked with Congress to coordinate a Joint Congressional Hearing on Library and Information Services on site at the 1979 White House Conference on Library and Information Services.

NCLIS Regional Hearings

- NCLIS held Regional Hearings nationwide (Midwest-Chicago, Far West-San Francisco, Southeast-Atlanta, Northeast-Boston, Southwest-San Antonio, Mountain Plains-Denver, Mid Atlantic-Philadelphia) to learn first-hand the problems which it addressed in its landmark document "Toward a National Program for Library and Information Services: Goals for Action."

Hearings on Indian Library Needs

- NCLIS held a hearing in Albuquerque, New Mexico concerning library and information services to American Indians on or near Reservations.

- NCLIS had senior policy officials from the Bureau of Indian Affairs (Department of the Interior), testify regarding the NCLIS findings about the lack of library and information services being provided American Indians living on or near reservations.

Information Policy Hearings

- NCLIS organized two days of hearings at which 40 representatives of various sectors of the information community assembled to identify and analyze critical information issues from a variety of viewpoints. This was in response to a request from the White House Domestic Council to assist their Committee on the Right to Privacy which was charged with making a comprehensive study of the emerging issues of information policy and recommend how the federal government should address these issues. NCLIS published the report and made it available to the Congress, concerned Executive departments and the library and information community. This is the major policy document in the field, "National Information Policy."

[(d) The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Commission in carrying out the purposes of this Act.]

NCLIS has cooperated with many federal agencies.

Interagency Agreements

- NCLIS has entered into interagency agreements with the Administration on Aging and ACTION.

National Agricultural Library

- Senior staff member on loan to NCLIS from the National Agricultural Library.

Defense Intelligence Agency

- Staff person on loan from Defense Intelligence Agency (DIA) for NCLIS information center.

Federal Agencies Cooperated on White House Conference

- Staff lent by Library of Congress, Department of Defense, National Library of Medicine, National Agricultural Library, U.S.I.A. and Department of State for 1979 White House Conference.

Department of Education Center for Statistics

- NCLIS brings together semi-annually officials from the Department of Education's Center for Statistics and representatives from the major library and information associations to identify needed statistics and mechanisms for gathering and disseminating them more efficiently.

Other Cooperative Agencies

- The Commission's broad mandate includes establishing cooperative relationships with agencies such as the Office of Science and Technology Policy, the National Science Foundation, the National Endowment for the Humanities, the Department of Commerce's National Telecommunications and Information Administration, the White House Office of Private Sector Initiatives, OMB, OTA, and the Department of State.

Appendix II

NCLIS Publications

Publications listed in this appendix with Stock Numbers are available from: Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Publications listed with ED Numbers are available from the ERIC Document Reproduction Service, P.O. Box 190, Arlington, Virginia 22210. Many are available from both. For documents with neither GPO or ERIC Numbers nor an identified publisher, inquire at the Commission offices about availability.

The National Program

Toward a National Program for Library and Information Services: Goals for Action. 1975. 106 pp. (Stock Number 052-003-00086-5--ED 107 312)
The program document. Provides the long-range planning framework for developing library and information policy.

Toward a National Program for Library and Information Services: Goals for Action, A Summary. October 1977. 14 pp. (ED 167 128)
Summarizes the program document.

1985 Articles

Bearman, Toni Carbo. "Information and Productivity: Implications for the Library/Information Community." The Bowker Annual of Library and Book Trade Information, 30th edition. New York, R.R. Bowker Company, 1985. pp. 85-90.

Bearman, Toni Carbo. "Situation Report: NCLIS." Wilson Library Bulletin, October 1984. pp. 122-123+.

Benton, Charles. "Bringing Information to People." Library Journal, June 1, 1985, pp. 92-95.

Gray, Dorothy Pollet. "National Commission on Libraries and Information Science." The Bowker Annual of Library and Book Trade Information, 30th edition. New York, R.R. Bowker Company, 1985. pp. 115-118

Hashim, Elinor M. "Looking Toward 1989." Library Journal, June 1, 1985, pp. 96-97.

Rafferty, Diane Y. "National Commission on Libraries and Information Science." *ALA Yearbook of Library and Information Services*, Volume 10. Chicago, *American Library Association, 1985. pp. 196-197.*

Reports (listed in reverse chronological order)

1985 *Information and Productivity—Implications for Education and Training.* Report of a joint U.K./U.S. Seminar held at Cranfield, England, 27-30 July 1984. 26 pp. 1985. photocopy (single copies available from NCLIS and the British Library Research and Development Department)

Report and recommendations of a bilateral meeting on information and productivity co-sponsored by the U.S. National Commission on Libraries and Information Science, the British Library Research and Development Department, and the Library and Information Services Council (U.K.) in 1984.

1985 *The NABRIN Report.* Report of the National Advisory Board on Rural Information Needs Planning Committee. A report to the U.S. National Commission on Libraries and Information Science. 30 pp. April 1985. photocopy (single copies available from NCLIS)

Presents the findings and recommendations of the NABRIN Planning Committee, convened by NCLIS "to examine and evaluate the concept of a National Advisory Board on Rural Information Needs [and] determine if there is a need for such a board and what its purpose would be . . ." The report provides an overview of information needs of rural America.

1985 *The Role of Fees in Supporting Library and Information Services in Public and Academic Libraries.* 47 pp. April 1985. (photocopy; to be published in *Collection Building* and the *Bowker Annual* during 1986)

Discusses the issues related to charging fees in public and academic libraries, types of existing fees, arguments for and against fees, existing studies on this topic, and recommendations for future research.

1984 *To Preserve The Sense of Earth From Space.* A Report to the National *Commission on Libraries and Information Science.* Report of the National Commission on Libraries and Information Science Panel on the Information Policy Implications of Archiving Satellite Data. August 1984. 47 pp. (Stock Number 052-003-00968-4--ED 250 173)

Reports the findings and recommendations of a panel charged with determining the policies that should govern the archiving of the data produced by government operated remote-sensing satellites should they be commercialized.

1984 *Joint Congressional Hearing on the Changing Information Needs of Rural America: The Role of Libraries and Information Technology.* 83 pp. August 1984. (Copies available from NCLIS and Office of Governmental Affairs, U.S. Department of Agriculture, Room 508, Administration Building, 14th and Independence Avenues, S.W., Washington, D.C. 20250 (ED 247 958))

The proceedings of the Joint Congressional Hearing, co-chaired by Senator Mark Andrews (R-ND) and Representative George E. Brown, Jr. (D-CA), held on July 21, 1982, review rural information needs from the viewpoint of public policy, modern communication technologies, education, quality of life, productivity, and other major concerns.

1984 *The Role of the Special Library in Networks and Cooperatives: Executive Summary and Recommendations.* National Commission on Libraries and *Information Science/Special* Libraries Association Task Force Report. June 1984, 31 pp. (Copies available from Special Libraries Association, 235 Park Avenue South, New York, New York 10003.)

Report and recommendations of a task force charged with reviewing the role of the special library in nationwide networking and cooperative programs.

1983 Report of the Task Force on Library and Information Services to Cultural Minorities. 106 pp. August 1983 (Stock Number 052-003-00927-7--ED 241 015)

Presents the findings and recommendations of a two-year study on library and information services, resources, and programs for minority groups.

1983 Final Report to the National Commission on Libraries and Information Science from the Community Information and Referral Services Task Force. 24 pp. July 1983. (Stock number 052-0003-00928-5--ED 241 014)

Report and recommendations of a task force charged with defining the appropriate role for public libraries in the provision of community information and referral services.

1982 Task Force on Library and Information Services to Cultural Minorities. Hearings Held at the American Library Association Annual Conference, San Francisco, California, 1981. November 1983. 90 pp. (ED 233 734)

Testimony of 22 persons who participated in hearings on library and information services to cultural minorities.

1982 Public Sector/Private Sector Interaction in Providing Information Services, prepared by the NCLIS Public Sector/Private Sector Task Force. February 1982. 88 pp. (Stock Number 052-033-00866-1--ED 215 678)

Presents the results of a two-year study of the interactions between government and private sector information activities. Gives seven principles for guiding interaction between the public and private sectors and 27 recommendations for implementing these principles.

1982 Toward a Federal Library and Information Services Network: A Proposal. February 1982. 98 pp. (ED 232 671)

Presents the results of a study that assessed the sharing of resources and services between federal libraries and information centers and non-federal libraries.

1980 White House Conference on Library and Information Services, The Final Report--Information for the 1980's. Washington, D.C.: National Commission on Libraries and Information Science, November 1980. 808 pp. (Government Printing Office, Stock Number: 052-003-00764-9--ED 206 280)

1980 White House Conference on Library and Information Services, The Final Report--Summary. Washington, D.C.: National Commission on Libraries and Information Science, March 1980. 101 pp. (ED 187 347).

A complete list of White House Conference Publications and Media appears in the NCLIS Annual Reports for 1979-80, 1980-81, and 1981-82.

1979 A Comparative Evaluation of Alternative Systems for the Provision of Effective Access to Periodical Literature, by Arthur D. Little, Inc., Cambridge, Massachusetts. October 1979 (Stock Number 052-003-00715-1--ED 184 576)

Hypothesizes three system approaches to a national periodicals system, and analyzes the strength and weaknesses of each in both qualitative and quantitative terms.

1979 Problems in Bibliographic Access to Non-Print Materials: Project Media Base: Final Report. A project of the National Commission on Libraries and Information Science and the Association for Educational Communications and Technology. October 1979. 86 pp. (Stock Number 052-003-00714-2--ED 185 968)

Examines efforts toward automated bibliographic control of audiovisual resources in a network context and presents some requirements for the future.

1978 Government Publications: Their Role in the National Program for Library and Information Services, by Bernard M. Fry. December 1978. 128 pp. (Stock Number 052-003-00648-1--ED 168 505)

Reviews current availability and accessibility of local, state and Federal Government publications. Discusses proposals for improvements, including a National Center for government publications.

1978 The Role of the School Library Media Program in Networking. Prepared by the NCLIS Task Force on the Role of the School Library Media Program in the National Program. September 1978. 91 pp. (Stock Number 052-003-00622-7--ED 168 599)

Reviews school library participation in networking nationwide, its benefits and the problems hindering development. Recommendations are addressed to specific groups.

1978 The Role of the Library of Congress in the Evolving National Network. Final report of a study conducted by Lawrence F. Buckland and William L. Basinski of Inforonics, Inc., Commissioned by the Library of Congress' National Network Development Office and funded by the National Commission on Libraries and Information Science. 1978. 141 pp. (Stock Number 030-000-00102-8--ED 180 476)

Describes a proposed role for the Library of Congress as a national bibliographic resource based on analysis of results of a survey of twenty-three libraries and network organizations.

1978 American National Standards Committee Z39: Recommended Future Directions. Prepared by the NCLIS Task Force on American National Standards Committee Z39, Activities and Future Direction. February 1978. 63 pp. (Stock Number 052-003-00518-2--ED 152 273)

Reviews the activities of Committee Z39. Recommends modifying its scope and activities to reflect the broader field of information transfer and administrative changes that would help accomplish this goal.

1977 A Computer Network Protocol for Library and Information Science Applications. Prepared by the NCLIS/National Bureau of Standards Task Force on Computer Network Protocols. December 1977. 90 pp. (Stock Number 052-003-00601-4--ED 168 463)

Describes a proposed computer-to-computer protocol for electronic communications of digital information over a nationwide library bibliographic network, thereby clearing away a major technical roadblock which impeded establishment of a coherent network.

1977 Library Photocopying in the United States: With Implications for the Development of a Copyright Royalty Payment Mechanism, by King Research, Inc. A Report on studies, jointly funded by NCLIS, the National Science Foundation, and the National Commission on New Technological Uses of Copyrighted Works. October 1977. 251 pp. (Stock Number 052-003-00443-7--ED 149 772)

Presents the results of a study of the amount of photocopying of library materials by library staff in the United States libraries. Analyzes the implications of the new Copyright Law from the perspectives of libraries and publishers, and describes alternative payment mechanisms.

1977 Library Photocopying in the United States: With Implications for the Development of a Copyright Royalty Payment Mechanism, A Summary. October 1977. 13 pp. (Stock Number 052-003-00498-4--ED 149 772)

Summarizes the results of the King Research Study.

1977 Effective Access to the Periodical Literature: A National Program. Prepared by the NCLIS Task Force on a National Periodicals System. April 1977. 92 pp. (Stock Number 052-003-00353-8--ED 148 342)

Proposed a plan for a national periodicals system and the creation of a National Periodicals Center. The Library of Congress is recommended as the organization for developing, managing and operating the Center.

1977 National Inventory of Library Needs, 1975: Resources Needed for Public and Academic Libraries and Public School Library/Media Centers. A study submitted by Boyd Ladd, consultant. March 1977. 277 pp. (Stock Number 052-003-00328-7--ED 139 381)

Juxtaposes two sets of data: "Indicators of Needs" for resources of measurable kinds in each of three categories of libraries (public, public school, and academic) and reports from these categories of libraries on their resources.

1977 Improving State Aid to Public Libraries. Report prepared for the Urban Libraries Council by Government Studies and Systems, Inc. Published by NCLIS. February 1977. 65 pp. Appendices (Stock Number 052-003-00325-2--ED 138 253)

Argues that public library development should be considered an integral part of the states' mandate to provide public education. Documents the inadequacies of state-aid systems for public libraries and suggests a strategy for improvement.

1976 Evaluation of the Effectiveness of Federal Funding of Public Libraries. Study prepared by Government Studies and Systems, Inc. December 1976. 118 pp. Appendix (Stock Number 052-003-00327-9--ED 138 252)

Presents results of an evaluation of the effectiveness of the Federal funding of public libraries and proposes the general design of a revised system.

1976 Elements of Information Resources Policy: Library and Other Information Services by Anthony G. Oettinger. January 1976. (ED 118 067)

Examines relationships among information providers and their clients in order to determine the economic, institutional, and technological factors that are key in deciding how people get the information they need.

1976 National Information Policy. Report to the President of the United States submitted by the staff of the Domestic Council Committee on the Right of Privacy. Published by NCLIS. 1976. 233 pp. (Stock Number 052-033-00296-5--ED 135 350)

Discusses the need for a national information policy created by continuing advances in computer and communications technology. Describes the major policy issues and recommends the coordination of information policy formulation within the Executive Branch.

1974 Resources and Bibliographic Support for a Nationwide Library Program. Final Report submitted by Vernon E. Palmour, Marcia C. Bellassai, and Nancy K. Roderer. Westat, Inc. August 1974. 267 pp. (Stock Number 5203-00061--ED 905 914)

Describes a structure for allowing the organization of existing resource centers and bibliographic centers into a nationwide program for improved interlibrary loan services.

1974 Library and Information Service Needs of the Nation. Proceedings of a Conference on the Needs of Occupational, Ethnic, and Other Groups in the United States. Edited by Carlos A. Cuadra and Marcia J. Bates. August 1974. (Stock Number 5203-00033--ED 101 716)

Proceedings and papers presented at the NCLIS User Conference, University of Denver, May 24-25, 1973. Also included: "Information and Society," by Edwin Parker, pp. 9-50, and "Speculations on the Socio-cultural Context of Public Information

Provision in the Seventies and Beyond," by Marcia J. Bates, pp. 51-76.

1974 Continuing Library and Information Science Education. Final report submitted by Elizabeth W. Stone. May 1974. Various paging (Stock Number 5203-00045—ED 100 312)
Describes results of a study of the continuing education needs of library and information science personnel. Recommends the creation of the Continuing Library Education Network and Exchange (CLENE).

1974 Alternatives for Financing the Public Library. Study submitted by Government Studies and Systems, Inc. May 1974. 20 pp. (Stock Number 5203-00044—ED 100 303)
Examines and evaluates the present pattern of public library financing and suggests alternatives to provide more adequate funding.

1973 An Inquiry Into the Patterns Among the States for Funding Public Library Services by Larry G. Young and Others. Public Administration Service, Washington, D.C. ED 075 031)
This study endeavors to develop a systematic method for collecting useful data on income sources for the over 7,000 public libraries and library systems throughout the country.

1973 A Feasibility Study of Centralized and Regionalized Interlibrary Loan Centers by Rolland E. Stevens. April 1973. Association of Research Libraries (ARL). (ED 076 206)
Recommends establishment of a network to be funded by the Federal Government of regional bibliographic centers, resource centers and back-up centers centrally planned, but with a decentralized service program. Methodology and an outline for a cost study are included.

1973 Preliminary Investigation of Present and Potential Library and Information Service Needs by Charles P. Bourne and Others. February 1973. (ED 073 786)
The primary objectives of this project were (1) to identify population groups with information needs that differ from the needs of the general population and to define these needs, and (2) to formulate tentative specifications for post-1975 library services.

1973 Information and Society by Edwin B. Parker. March 1973. (ED 073 776)
Deals in turn with economic trends, technology trends, and social trends, as each is likely to influence information needs. Some suggestions for meeting the needs indicated by these trends.

Annual Reports

National Commission on Libraries and Information Science. Annual Report to the President and Congress.

1971-1972	(ED 071 769)	1978-1979	(ED 258 580)
1972-1973	(ED 088 505)	1979-1980	(ED 212 285)
1973-1974	(ED 110 019)	1980-1981	(ED 248 902)
1974-1975	(ED 119 676)	1981-1982	(ED 241 013)
1975-1976	(ED 140 799)	1982-1983	(ED 258 581)
1976-1977	(ED 167 127)	1983-1984	
1977-1978	(ED 191 425)		

The Related Papers

Relationship and Involvement of the State Library Agencies with the National Program Proposed by NCLIS—Alphonse F. Trezza, Director, Illinois State Library, November 1974. (ED 100 387)

Role of the Public Library in the National Program--Allie Beth Martin, Director, Tulsa City/County Library System, October 1974.	(ED 100 388)
The Relationship and Involvement of the Special Library with the National Program--Edward G. Strable, Manager, Information Services, J. Walter Thompson Company--Chicago, November 1974.	(ED 100 389)
The Independent Research Library--William S. Budington, Executive Director and Librarian, The John Crerar Library, October 1974.	(ED 100 390)
The Information Service Environment Relationships and Priorities--Paul G. Zurkowski, President, Information Industry Association, November 1974.	(ED 100 391)
Manpower and Educational Programs for Management, Research and Professional Growth in Library and Information Services--Robert S. Taylor, Dean, School of Information Studies, Syracuse University, October 1974.	(ED 100 392)
School Library Media Programs and the National Program for Library and Information Services--Bernard M. Franckowiak, School Library Supervisor, Wisconsin Department of Public Instruction, November 1974.	(ED 100 393)
National Program of Library and Information Services of NCLIS: Implication for College and Community College Libraries--Beverly P. Lynch, Executive Secretary, Association of College and Research Libraries, American Library Association, December 1974.	(ED 100 394)
The National Library Network, Its Economic Rationale and Funding--Robert M. Hayes, Dean, Graduate School of Library and Information Science, University of California, December 1974.	(ED 114 098)
Intellectual Freedom and Privacy: Comments on a National Program for Library and Information Services--R. Kathleen Molz, formerly Chairman, Intellectual Freedom Committee, American Library Association, December 1974.	(ED 100 395)
International Library and Information Service Developments as They Relate to the National Commission on Libraries and Information Science--Foster E. Mohrhardt, former President, Association of Research Libraries and American Library Association, December 1974.	(ED 100 396)
An Economic Profile of the U.S. Book Industry--Curtis G. Benjamin, Consultant, McGraw Hill, Inc., November 1974.	(ED 114 009)
The Role of the Information Center in the National Commission on Libraries and Information Science Programs for the Improvement of National Information Services--Herman M. Weisman, Manager, Information Services, National Bureau of Standards, November 1974.	(ED 100 397)
The Relationship of the Government and the Private Sector in the Proposed National Program--David Carvey, Vice President, Disclosure, Inc., November 1974.	(ED 114 100)
The Future of Federal Categorical Library Programs--Robert Frase, Consulting Economist, March 1975.	(ED 114 101)

Availability and Accessibility of Government Publications in the National Program for Library and Information Services--Bernard Fry, Dean, Graduate Library School, Indiana University. See REPORTS, 1978

Quantitative Data Required to Support and Implement a National Program for Library and Information Services--Theodore Samore, School of Library Science, The University of Wisconsin-Milwaukee. (ED 205 194)

Urban Information Centers and their Interface with the National Program for Library and Information Services--Jane E. Stevens, Library Science Department, Queens College, May 1975. (ED 114 102)

The Role of Not-for-Profit Discipline-Oriented Information Accessing Services in a National Program for Library and Information Services--Fred A. Tate, Assistant Director for Planning and Development, Chemical Abstracts Service, December 1975. (ED 205 195)

The Impact of Machine-Readable Data Bases on Library and Information Services--Martha Williams, Director, Information Retrieval Research Laboratory, University of Illinois at Urbana-Champaign, April 1975. (ED 114 103)

The Role of the United States Book Exchange in the Nationwide Library and Information Services Network--Alice Dulany Ball, Executive Director, The United States Book Exchange, Inc., May 1975. (ED 114 104)

Biography of Elinor M. Hashim

Miss Elinor M. Hashim
Chairman
National Commission on Libraries
and Information Science

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Home: 3584 Dinsmore Castle Drive
Columbus, Ohio 43220

Education

University of Vermont, B. A. Political Science, 1955
Southern Connecticut State University, M. S. Library Science, 1970

Employment

OCLC - Online Computer Library Center, Dublin, Ohio
Program Director, Special Libraries, 1985 - present.

Perkin-Elmer Corporation, Norwalk, Connecticut
Supervisor, Reference and Technical Services, 1981 - 1985.

Welles-Turner Memorial Library, Glastonbury, Connecticut
Library Director, 1975 - 1981.

New Britain Public Library, New Britain, Connecticut, 1971 - 1975
Head of Circulation Department, 1971 - 1972
Head of Business, Science and Technology Department, 1972 - 1973
Head of Reference Department, 1973 - 1975

Mary Cheney Library, Manchester, Connecticut, 1968 - 1971
    Part-time in Circulation and Reference, 1968 - 1969
    Head of Reference Department, 1969 - 1971

United Technologies Research Center, East Hartford, CT., 1956 - 1968
    Engineering Assistant, 1956 - 1958
    Technical Research Assistant, 1958 - 1963
    Supervisor of all Engineering Aides and Assistants, 1963 - 1968

Professional Activities:

National Commission on Libraries and Information Science
    Appointed by President Ronald Reagan, 1981 - 1986
    Chairman, October 1982 - Present

Connecticut State Library Board, 1974 - 1982
    Appointed by Governor Thomas Meskill, 1974 - 1979
    Reappointed by Governor Ella Grasso, 1979
    Chairman, 1976 - 1982

Professional Memberships:

American Library Association, Member, 1975 - Present
    Public Library Association Membership Committee, 1979 - 1980
    Connecticut Chapter Councilor, 1980 - 1982

American Society for Information Science, Member, 1983 - Present

Connecticut Library Association, Member, 1970 - Present
    Legislative Chairman, 1971 - 1973
    Representative to New England Library Association, 1973 - 1975
    Nominations Chairman, 1975 - 1976
    Representative to American Library Association, 1980 - 1982

New England Library Association, Member, 1970 - Present
    Bylaws Committee, 1972 - 1973
    Connecticut Representative, 1973 - 1975
    Membership Chairman, 1975 - 1976
    Vice-President, 1976 - 1977
    President, 1977 - 1978
    Nominations Chairman, 1978 - 1979

Special Libraries Association, Member, 1981 - Present

Honors, Awards:

Connecticut Library Association, Librarian of the Year Award, 1982

Southern Connecticut State University, Distinguished Alumni Award, 1982
    Division of Library Science and Instructional Technology

BIOGRAPHY OF TONI CARBO BEARMAN

Since November 1980 Toni Carbo Bearman has been the Executive Director of the National Commission on Libraries and Information Science.

Dr. Bearman has been active in the library and information profession since February 1962. From September 1979-November 15, 1980, Dr. Bearman served as a senior consultant for strategic planning and new product development at the Institution of Electrical Engineers in London. For five years, she served as the Executive Director of the National Federation of Abstracting and Indexing Services (NFAIS). Previously, at Drexel University she worked as both a teaching and research assistant, coordinating a major international research project, assisting with curriculum development, and chairing the student chapter of the American Society for Information Science, while she was a masters and doctoral student. Between 1963 and 1971, Dr. Bearman worked in university libraries, in both public and technical services at Brown University, and the University of Washington Engineering Library. Her work at the American Mathematical Society included reference and supervision of the serials collection.

Dr. Bearman has an A.B. degree from Brown University and an M.S. degree from the Drexel University College of Information Studies from which she received the Alumni Association's Outstanding Graduate Award. In 1977, she received from Drexel University the first PhD degree in the United States in the management of information resources. She received the Distinguished Alumni Award from the College of Information Studies at Drexel University in 1984.

Dr. Bearman's expertise combines both theoretical research and practical experience in university libraries, education, information science organizations, and publishing. She has published extensively in the professional literature, has directed several international research projects, has organized and chaired technical programs at national and international conferences and seminars, and is on the editorial boards of five publications.

She has been active in many professional societies. In the American Society for Information Science, Dr. Bearman received the Watson Davis Award for Continuous Dedicated Service to the Membership of the American Society of Information Science in October 1983. She served on the Board of Directors from 1978-1981. She serves as a member of the Advisory Committee on the Annual Review of Information Science and Technology. Previously, she served as Chairman of the Delaware Valley Chapter and of the Special Interest Group on Library Automation and Networks the year it won the SIG-of-the Year Award. She has chaired and/or served on the Networking, International Relations, Intersociety Cooperation, and Financial Investment Committees and the task force on the International Information Public Affairs Program. Also active in several other associations, Dr. Bearman is a fellow of the American Association for the Advancement of Science (AAAS) and the Institute of Information Scientists (IIS).

Dr. Bearman has also served on the boards of several other organizations, including the American Society of Indexers, the Association of Information and Dissemination Centers, the U.S. National Committee for the UNESCO General Information Program, and the Center for Literacy. She is a member of the Task Force on Futures of the American Chemical Society's Committee on Chemical Abstracts Service, and the Advisory Board of the ERIC Clearinghouse on Information Resources. Since 1981, she has served as a member of the Advisory Council of Engineering Information, Inc.

Her international experience is extensive. In 1976, she developed and chaired an international seminar on indexing under UNESCO sponsorship. She has written educational materials for UNESCO, NATO, AGARD, NFAIS, and the American Library Association's World Encyclopedia. She served on the Department of Commerce Technical Advisory Board's Committee on Scientific and Technical Information Policy and the ASIS International Relations Committee. Formerly, she was a member of the U.S. National Committee for the International

Council of Scientific Unions Abstracting Board (ICSUAB), and directed the U.S. National Committee for the UNESCO General Information Program.

She has directed several major international research projects, in cooperation with organizations in the Netherlands, Belgium, and the United Kingdom. Dr. Bearman has served on numerous planning and program committees for international conferences, including the Cranfield Conference and the first jointly hosted conference of the Institute of Information Scientists and ASIS in Dublin in 1982. She chaired the Technical Program Committee for the International Federation of Scientific Editors and Authors 1983 Joint Conference with the Council of Biology Editors and the Society for Scholarly Publishing and is a member of the Planning Committee for the 1985 Conference of the International Federation of Library Associations and Institutions.

Biography of Bessie B. Moore

HOME ADDRESS:	712 Legato Road, Briarwood Little Rock, AR 72205
HOME TELEPHONE:	501-225-6914 (If no answer call 501-371-2326)
MAIDEN NAME:	Bessie Grace Boehm
BIRTHPLACE:	Owensboro, Kentucky
	Lived in Arkansas since 1914
MARITAL STATUS:	Widow. Married Merlin Malcolm Moore, 1928: deceased, 1958

EDUCATION

1942 - BSE, University of Central Arkansas, Conway, AR.

1962 - MA, University of Connecticut, Storrs, CT.

EXPERIENCE AS EDUCATOR

1962 - 1979	Executive Director, Arkansas State Council on Economic Education.
1970 - 1974	Executive Director Arkansas State Council on Economic Education and State Coordinator, Environmental Education, Arkansas Department of Education, Little Rock, AR.
1962 - 1974	State Supervisor, Economic Education, Arkansas Department of Education, Little Rock, AR.
1959 - 1965	State Supervisor, Elementary Education, Arkansas Department of Education, Little Rock, AR.
1966 - 1967	Consultant to U.S. Office of Education on Economic Education.
1939 - 1944	City Supervisor of Elementary Education, North Little Rock, AR.
1939 - 1944	Summer Faculty University of Arkansas, Fayetteville, University of Arkansas at Monticello, Arkansas Tech University, Russellville, and University of Central Arkansas, Conway.

1934 - 1939	Supervisor of Nursery Schools, Arkansas Department of Education, Little Rock, AR.
1924 - 1932	County Supervisor of Jefferson County Schools, Pine Bluff, AR.
1916 - 1924	Classroom Teacher, Stone County, Pulaski Company.

LIBRARY ACTIVITIES

Member, National Commission on Libraries and Information Science, appointed by President Richard Nixon in 1971, reappointed in 1973. Appointed by President Jimmy Carter for five-year term 1979. Appointed by President Reagan for five year term 1983. Vice Chairman since 1972. (Elected by Members.) Members must be confirmed by the U.S. Senate.

Attended the International Federation of Library Associations (IFLA), Italy 1964; Finland 1965; West Germany 1968; Russia 1970; Hungary 1972; Belgium 1977; Washington D.C. 1978; Canada 1982; Washington, D.C. 1974; Chicago, Illinois 1985.

Honored by American Library Trustee Association with establishment of Bessie Moore Fund, 1981.

Chosen as Honorary Member, American Library Association in recognition of service to libraries, especially in legislation, 1980.

Awarded certificate of special recognition for more than five decades of service to libraries by White House Conference on Library and Information Science, 1979. Others honored were Senator Claiborne Pell, Rhode Island, Senator Jacob Javits, New York, and Congressmen William D. Ford, Michigan, and John Brademas, Maryland.

Distinguished Guest Lecturer, School of Library Science Louisiana State University, 1976 and University of Texas, 1979.

Member, Arkansas Library Commission, 1941-1979, Chairman, 1949-1979. (Serving under 9 Governors)

Lecturer, University of Michigan (annually since 1974), University of Nebraska, Florida State University, University of Arizona, University of South Florida.

Member, National Book Committee, 1968-1974.

Chairman, Trustees of State Libraries, American Library Association, 1970-1972.

Chairman, Jury on Citation of Trustees, American Library Association, 1969-1970.

Member, Legislative Committee, American Library Association, 1961-1967.

Administrative responsibility in Arkansas Department of Education for development of school libraries, 1958-1963.

National President, American Library Trustees Association, 1957-1959.

Member, Advisory Committee to U.S. Commissioner of Education on Library Services Act, 1956-59.

Testified before House Labor and Education Committee in behalf of Library Services Act, 1956 and in behalf of libraries before both U.S. Senate and House Committee many times in succeeding years.

Winner, American Library Association, Trustee Award, 1954.

Member, Committees of American Library Association dating back to 1950.

Speaker at Library meetings in many states and Canada, including Governor's Conferences on Libraries in ten states.

Organized first county library in Arkansas, Pine Bluff, AR 1926.

BUSINESS EXPERIENCE

Owned and operated a successful Main Street business in Little Rock for several years.

Member, Board of Directors, First National Bank of Little Rock, 1971-1979.

Member of the Board, Maumelle Land Development, Inc., 1973-1976.

CIVIC AND POLITICAL ACTIVITIES

Member, Governor's Advisory Commission on Aging, 1969-1979, 1980-1982, 1984-.

Member and Finance Chairman, Sesquicentennial Commission of Arkansas for 1986; appointed by Governor Bill Clinton in 1983. Also Member of Executive Committee and Finance Chairman.

Vice President "Keep Arkansas Green", 1978.

Member, Advisory Committee Arkansas Office, Small Business Administration, 1974-1977.

Appointed by U.S. Department of Agriculture to RECD Board, 1974.

Member, Governor's Advisory Committee on Status of Women, 1968-1970.

Member, United States Committee for UNICEF, 1958-1970.

Chairman, Ozark Folk Cultural Center Commission, 1963 - (resulted in building and operation of the Ozark Folk Center at Mountain View, Arkansas--the only one of its kind in the nation.)

Member, Committee of Little Rock citizens whose findings resulted in expansion of Little Rock Junior College to 4-year institution, Little Rock University (now University of Arkansas at Little Rock), 1956-1958.

Member, Governmental Affairs Committee, Little Rock Chamber of Commerce, 1950-1958.

Member, National Board of Governors, American Association for the United Nations, 1950-1957.

Delegate, Democratic National Convention, 1936.

ORGANIZATION AFFILIATIONS

Member, American Association of University Women.

Delta Kappa Gamma, Arkansas Founder and State life member.

Member, Academy of Independent Scholars.

Past President, Little Rock Soroptimist Club.

Arkansas Congress of Parents and Teachers (Past Vice-President and life member).

Member, Red Cross Board, 1980-

Member, International Platform Association.

Member, American Academy of Political and Social Science.

Member, Woman's City Club, Little Rock.

Member, Fine Arts Club, Little Rock.

Member, Arkansas Arts Center, Little Rock.

Member, Quapaw Quarter Association, Little Rock.

HONORS AWARDED BY COLLEGES AND UNIVERSITIES

Honorary Doctor of Library Science Degree, University of Arkansas at Little Rock(UALR) 1983.

Center for Economic Education designated Bessie Boehm Moore Center for Economic Education by Board of Trustees, University of Arkansas, 1978, dedicated, 1979.

Adjunct Professor University of Arkansas at Little Rock, 1979.

Honorary Member, Alumni Association, University of Michigan Library School, 1978.

Honorary Doctor of Laws Degree, University of Arizona, 1977.

Distinguished Alumna Award, University of Arkansas, 1974.

Honorary Doctor of Laws Degree, University of Arkansas, 1958.

NATIONAL HONORS

Chosen by National Association of Economic Educators and Joint Council on Economic Education to receive "Distinguished Service to Economic Education", 1983.

National Association of Economic Educators, President, 1971.

George Washington Medal of Honor by Freedoms Foundation, 1969, for Distinguished Service to Education.

Selected by Department of State to be guest of Republic of West Germany to inspect and evaluate effects of Marshall Plan Aid, 1964.

Selected by Defense Department as a member of DACOWITS to visit military installations including hospitals, to see conditions under which women in the armed services were serving abroad, 1964.

Appointed by Secretary McNamara to the Defense Advisory Committee on Women in the Services (DACOWITS), 1961-1964.

Member, Radio Free Europe Tour, 1961 (Crusade for Freedom).

OTHER HONORS

Listed in:

Chosen to be included in 100 Arkansas Women of Achievement by Arkansas Press Women, 1980.

Who's Who in American Women.

Some Remarkable Women in Arkansas, Volume. I, International Women's Year Publication.

Distinguished Americans of the Bicentennial.

World Who's Who of Women.

Who's Who in the South and Southwest.

Directory of Education Specialists.

Academy of American Educators

Arkansans of the Years

Community Leaders and Noteworthy Americans.

Personalities of the South.

Dictionary of International Biography

ARKANSAS HONORS

Inducted into Arkansas Tourism "Hall of Fame," March 12, 1985, by Governor Bill Clinton.

Commended by the Legislative Council, General Assembly of Arkansas, May 1983 (Interim Resolution 83-4) on her many outstanding contributions to education and libraries in the State of Arkansas and the United States.

Honored by Joint Council on Economic Education for contributions to the continuing cause of better economic understanding 1982.

Chosen as Arkansas "Citizen of the Year 1979" by the March of Dimes.

Awarded certificate of recognition by Governor Bill Clinton for distinguished public service, 1979.

Named to Honorary Membership Beta Gamma Sigma, University of Arkansas Chapter, 1979.

Distinguished Leadership Award, Arkansas Bankers Association, 1978.

Awards from Arkansas State Chamber of Commerce, 1964 and 1978, for Distinguished Service to Arkansas in Economic Education.

Member of the Board, Arkansas Foundation of Associated Colleges, 1975-1977.

Member, Advisory Committee, College of Business Administration, Arkansas State University, Jonesboro, 1973-1976.

Member, Advisory Committee, College of Business Administration, University of Arkansas at Little Rock, 1975.

Member, Advisory Committee, College of Business Administration, University of Arkansas at Fayetteville, 1967-1972.

Chosen Arkansas Educator of the Year by Arkansas Business and Professional Women's Club, 1968.

Distinguished Service Award, American Association of University Women, Arkansas Branch, 1966.

Honorary Membership in Arkansas Library Association for Distinguished Service to Libraries, 1966.

Honorary Member Award and Shield Honor Society, Little Rock University, 1964.

C. E. Palmer Distinguished Service Award, 1959 (Given to the citizen of Arkansas who is judged to have given the finest service to the state the preceding year. Only woman ever to receive the award. Among other winners are the late Governor Winthrop Rockefeller and Senator J. William Fulbright).

Arkansas Woman of the Year 1952 (elected by popular vote in newspaper poll).

Designated "Arkansas Traveler," 1952

RECOGNITIONS BY OTHER STATES

Distinguished Visitor, Guatamala City, 1979.

Honorary Citizen, West Virginia, 1976.

Colonel, Aide-de-Camp to Governor of Louisiana, 1975.

Colonel, Aide-de-Camp to Governor of New Mexico, 1974.

Admiral, Great Navy State of Nebraska, 1968.

Honorary Citizen, Lubbock, Texas, 1967.

Kentucky Colonel, 1967.

Arkansas Traveler, 1952.

CHURCH

Member, The First United Methodist Church, Little Rock, AR.

HIGHLIGHTS

Started teaching school at age 14 at St. James, Stone County, Arkansas.

Served 38 years under 9 Governors (Homer Adkins to Bill Clinton) on the Arkansas Library Commission, as Chairman the last 28 years.

As a member of the staff of the Arkansas Department of Education had responsibility for development of school libraries 1959-1965.

Appointed by President Lyndon Johnson to the National Advisory Commission on Libraries 1965-1967.

Has had four appointments to National Commission on Libraries and Information Science by three Presidents of the United States (Nixon (twice), Carter and Reagan).

Continues in active role of lecturing at leading universities, consulting in economic and career education, serving as a library advocate and a world traveler at age 83.

Has reflected credit on the State through her many contacts and broad acquaintances in this country and in other countries where she has traveled both officially and privately.

She is a real Arkansas Traveler.

Senator WEICKER. Thank you very much. I have two questions, two very short questions and then Senator Proxmire has several.

In fiscal year 1985, this committee directed the Commission to conduct a study to determine the extent of censorship in American libraries. Can you give me a synposis of the findings?

Ms. HASHIM. Yes; we did submit that report, as you know. I don't want to trust my memory, so let me just mention a few of the highlights of the conclusions. After a decrease between 1975 and 1979, attempts to remove, restrict, or alter materials in the collections of public and school libraries increased, reaching a peak in 1982. Since 1983, the numbers have remained fairly constant, but at a higher level since any time since 1975. We also found that only about 15 percent of the attempts to remove library materials are reported in the media, and that was a problem for us.

We learned that all regions of the country reported challenges, and challenges were reported by locales of all sizes. We noted that the number of challenges was higher for school libraries than for public libraries consistently around the country. The challenged publications included materials for all grade levels and a wide range of types of materials. These are listed in the appendix we attach to the report.

In terms of challenged material, those in public libraries were usually retained, we found, and those in school libraries were usually restricted, altered, or removed. Challenges to materials in public libraries almost always came from individuals and not from groups.

We learned also that libraries seemed to be developing more effective strategies to deal with censorship. One of the charges that you gave us was to try to determine how society as a whole is responding to these attempts. We found that there really wasn't very much documentation about that. We did learn that libraries seemed to be learning to cope better, but in society as a whole, there doesn't seem to be much information along those lines. That, in general, summarizes the conclusions.

Senator WEICKER. Thank you very much. The administration maintains that the Library Literacy Program is too small to be effective. What would be your response to that?

Ms. HASHIM. Well, I don't think it is too small to be effective. I think that the literacy problem is so immense that any help will be substantial, and I think that there are a number of programs going on, as you know, or as we mentioned, in public libraries around the country.

The new funding, close to $35 million for title VI of LSCA, will certainly be of help. I think that has been, because of Gramm-Rudman-Hollings, cut down to $4.2 million, but still, in all, that is a substantial help.

There are many other groups besides libraries involved in literacy efforts around the country. We think that the combination of all those efforts can be very significant.

Senator WEICKER. Senator Proxmire?

Senator PROXMIRE. First. I want to congratulate all of you on your qualifications. I am looking at your biographies, and I am very impressed. I notice, Ms. Hashim, you have a masters degree from Southern Connecticut, and you worked in New Britain, CT; Manchester, CT; and East Hartford, CT. That obviously makes you very well qualified.

Senator WEICKER. More than my point, if not the administration's, that she has worked in several Weicker campaigns before she moved out of the State. [Laughter.]

Senator PROXMIRE. She looks like a woman of very good judgment. [Laughter.]

I notice, Ms. Moore, that you have a master's degree from the University of Connecticut at Storrs. Then I take a look at Ms. Bearman. Ms. Bearman received the first Ph.D. degree in the United States in the management of information resources.

Ms. BEARMAN. Yes, sir; that is in Philadelphia, not Connecticut, although I was born in Connecticut and raised there.

Senator PROXMIRE. You were born and raised in Connecticut?

Ms. BEARMAN. Yes.

Senator PROXMIRE. I see. This is quite an all-star cast. [Laughter.]

Ms. Hashim, although the proposed travel budget reflects $4,000 over the sequester level, it is still $16,000 below last year's level. What adjustments have you had to make to accommodate the drop in your travel resources?

Ms. HASHIM. We have done a number of things. The Commissioners are not traveling as much on Commission business. That is, we have four, generally four Commission meetings a year. There have been times when Commissioners would travel on Commission business in between those meetings to work on various programs.

Dr. Moore is a good example of that. She travels back and forth to Washington a lot to work with the Administration on Aging to see that our aging program continues. We are trying to cut down on Commissioner and staff travel to meetings. It is not easy.

The other thing that we have done is in past years we have sometimes met outside Washington because we think it is good for the library and information community to see what we are doing and to have an opportunity to talk with us. We have confined all of our meetings to the Washington, DC, area in view of budgetary restraints.

Senator PROXMIRE. I notice that you met your $30,000 sequester mark by cutting your so-called other expenses activity by $23,000 and reducing salaries by $7,000. How were the salary cuts accomplished? Did everybody take part in the cut?

Ms. HASHIM. No; we lost some staff and didn't replace them.

Ms. BEARMAN. Yes; may I add to that? Our amministrative officer left, a secretary took on his responsibilities, and we did not replace the secretarial slot for approximately 6 months. We had also had some part-time college students helping us out in clerical duties. We did not replace those.

So we all took on additional responsibilities and had just fewer staff members. We have 11 full-time equivalents. Of our 10 people, 2 are part time.

Senator PROXMIRE. Does that mean you can't get some of your work done?

Ms. BEARMAN. Actually, what it meant is that more people worked extra hours, evenings, and weekends, if necessary, to pick up the slack.

Senator PROXMIRE. Thank you.

Thank you, Mr. Chairman.

Senator WEICKER. Thank you all very much. As I said, our concern is not so much with your Commission as it is with libraries. We will certainly do everything we can in that regard.

Ms. HASHIM. May I just say a word about that? We really hope Congress will restore the funds for LSCA. We know how critically important it is, and the question came up at our House hearing the other day, as well. Congressman Conte said to me, "Why should we fund the National Commission if LSCA funds are terminated?"

The point I made then that I would like to make now is that we are not in competition with LSCA funds. We complement each other. When you fund LSCA, you permit libraries to do things that they would not be able to do, such as lending and sharing in the literacy programs and construction and all the other things.

When you fund us, it enables us to do research in areas that are important to all libraries.

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Senator WEICKER. Thank you very much. There will be further questions for you to respond to for the record.

[The following questions were not asked at the hearing but were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

Budget Request to OMB

Mr. Weicker: What was the original budget request you submitted to OMB?

Miss Hashim: $750,000.00

Budget Request

Mr. Weicker: This year the Administration is proposing a budget request of $690,000, after attempting to zero out the Commission last year. As you well know, this Committee restored funding of the Commission at $690,000 last year.

What efforts have you taken to change the Administration's mind in supporting the Commission?

Miss Hashim: I should be perfectly honest with you. We did not convince OMB initially. Their initial recommendation to the White House was that we be zeroed out. However, we appealed that decision not only to OMB, but to the White House before the budget was published, and I think we were able to convince them that we should continue to exist.

Many of our tasks which provided guidance to the President and Congress have also been invaluable to the library and information community. If we didn't exist as a Federal body, this progress would not have been made. The national focus, credibility and impetus of the Commission are all important.

Mr. Weicker: Do you consider the $690,000 request adequate to continue operations at a current services level?

Miss Hashim: I would not say it is fully adequate. We can survive, but it will mean we will not be able to do some of the programs we had anticipated doing in fiscal year 1987.

Mr. Weicker: I assume you are aware that the Administration is proposing to eliminate funding for the Department of Education's library assistance program. What is your reaction to this proposal?

Miss Hashim: I am aware of the proposal to eliminate funding for the Department of Education's library programs. My reaction is that it does not make sense.

Library and information services have been provided which would not have been possible without the Federal funds. These are administered by the state libraries. They are used for serving the underserved, enabling the States to use resource sharing and networking to help special groups of the population that would not be served otherwise. This money serves as a catalyst to get programs started which are then often continued by the State or local government.

Role of the Commission

Mr. Weicker: If Federal aid to public and college libraries is terminated in FY 1987, how will the role and activities of the National Commission on Libraries and Information Science change?

Miss Hashim: NCLIS would not be requested by the Congress to assist the Congress in reauthorization of the relevant library legislation. Our other roles and activities would not change.

Mr. Weicker: Will there be greater emphasis on evaluating, making recommendations on, and disseminating information about issues of concern to the library world at large?

Miss Hashim: There would have to be an indepth survey and evaluation of the needs not being met due to the lack of Federal funding. Ways to meet the unmet needs if the library legislation is not funded would have to be explored.

Censorship Study

Mr. Weicker: In FY 1985, this Committee directed the Commission to conduct a study to determine the extent of censorship in American libraries. Would you briefly summarize your findings?

Miss Hashim: The censorship report provided an analysis and summary of publicly available data on censorship in public and public school libraries during the past decade. Among the conclusions and findings are the following:

- after a decrease between 1975 and 1979, attempts to remove, restrict, or alter materials in the collections of public and school libraries increased reaching a peak in 1982. Since 1983, the numbers have remained roughly constant although at a level higher than at any time since 1975.
- only about 15 percent of the attempts to remove library materials are reported in the media.
- all regions of the country reported challenges and the challenges were reported by locales of all sizes.
- a substantial body of law is being created about public school library censorship cases, but no such body of law exists for public library censorship cases.
- the number of challenges was higher for public school libraries than for public libraries consistently across the decade.
- challenged publications included materials for all grade levels and a wide range of types of publications.
- public school library materials were challenged more often than classroom materials.
- challenged materials in public libraries were usually retained, but in school libraries thev were usually restricted, altered, or removed.
- while a 1980 national study indicated that formal written policies do affect the outcome of challenges, for school libraries responding from a four state survey, there appeared to be no clear relationship between adoption of formal written policy and retention of challenged material.

- o challenges to materials in public libraries almost always came from individuals and not groups.
- o libraries are developing more effective strategies to deal with censorship attempts.
- o there exists little or no data regarding society's response to censorship attempts involving public and school libraries.

Mr. Weicker: Are you proposing any recommendations? If so, do you have any plans to implement these recommendations?

Miss Hashim: The report includes no recommendations; however the findings and conclusions will be of interest to many groups.

1989 White House Conference on Libraries

Mr. Weicker: In 1979, the National Commission on Libraries and Information Science coordinated the first White House Conference on Library and Information Science. What were the recommendations to the Federal government of that conference?

Miss Hashim: In the sixty-four resolutions passed at the 1979 White House Conference, there were recommendations to twelve Federal agencies. Every year, the NCLIS Chair writes the heads of these agencies to learn what progress has been made toward implementation of the resolutions directed to each agency. We report these findings at the annual meeting of the White House Conference on Libraries and Information Services Taskforce (WHCLIST). The recommendations include the following:

Having the Department of Education identify, review and change existing literacy programs as necessary to mandate flexibility so libraries can participate;

Asking the Federal Library and Information Center Committee at the Library of Congress to coordinate and promote national and international standards for networking;

Asking the National Bureau of Standards (NBS) to appoint a committee to insure that the library and information communities' needs are reflected in the ongoing efforts of the NBS in its development of technological standards, to bring influence on ANSI and other standards organizations to be aware of this community's needs;

Asking that NCLIS convene an Ad Hoc Committee, of delegates to the 1979 White House Conference elected by each state and territory, to be responsible for planning and monitoring Conference follow up activities; and

That a White House or a Federal Conference on Library and Information Services be held every decade to establish the national information goals and priorities for the next decade, to assure effective transfer of knowledge to citizenry, and to take into consideration accelerated changes in information technology and practices.

Mr. Weicker: How many of those recommendations have been carried out?

Miss Hashim: There has been progress in implementing some of them such as the adoption and nationwide use of the national library symbol. In the WHCLIST five-year review of implementation, there was reported progress toward implementation of parts of 55 of the 64 resolutions. Some more examples of recent progress in the Federal arena are:

The Department of Agriculture has improved the time of delivering documents through interlibrary loan from one week, or more, to a period of hours.

At the Department of Education, there is increased visibility of library programs with the Director reporting directly to an Assistant Secretary.

The Department of Health and Human Services has improved access to the biomedical periodical literature and increased efforts to insure long term perservation of periodical literature to enhance automated support for document delivery at the National Library of Medicine.

Mr. Weicker: I understand that the Commission is planning a second White House Conference on Libraries in 1989. What are your current plans regarding the reconvening of a second conference?

Miss Hashim: As you know, legislation is pending in Congress directing NCLIS to plan and conduct a 1989 White House Conference on Library and Information Services. In response to S.J. Res 112, introduced by Senator Claiborne Pell and H.J. Res. 244, introduced by Congressman William Ford, NCLIS appointed a White House Conference Preliminary Design Group, composed of members from the state, local and federal levels. They were given four specific charges which are in my earlier testimony. At our December 1985 meeting, NCLIS unanimously endorsed their report which proposed three themes: Library and Information Services for: Productivity, Literacy and Democracy.

There are currently more than 170 cosponsors in the House and over 45 cosponsors in the Senate. Hearings have been held in the House and we are hopeful that hearings will soon be held in the Senate.

The legislation needs to be passed before we can begin to implement the proposed timeline in the Conference Design Group Report. I will enclose a copy of this report to be included in this hearing record.

Page 18 of this report addresses alternatives for financing the conference. These alternatives need to be discussed fully in Congressional hearings. It is envisioned by NCLIS that the second alternative, namely a combination of funds from federal, state, and private sources will ultimately be the most viable alternative.

The Congressional Budget Office says that due to inflation the 1985 equivalent of the $3.5 million appropriation for the 1979 Conference is now $15 million. We feel it would cost about 2 cents per capita for the 240 million people in this country, or a federal appropriation of one-third of the current equivalent of 1979 dollars, in the neighborhood of $5-7 million.

Toward the 1989 White House Conference on Library and Information Services

Report to the

National Commission on Libraries and Information Science

From the

White House Conference Preliminary Design Group

December 3, 1985

White House Conference on Library and Information Services Preliminary Design Group Members

William G. Asp, Design Group Chair
Minnesota Office of Library Development and Services
White House Conference on Library and Information Services Task Force

Gordon M. Ambach
New York State Education Department
National Commission on Libraries and Information Science

Charles Benton, Ex Officio
Public Media, Inc.
National Commission on Libraries and Information Science

Daniel Carter
Walter Ulrich Consulting
National Commission on Libraries and Information Science

Robert Chartrand, Ex Officio
Library of Congress, C.R.S.

Barbara Cooper
Gale Research Company
White House Conference on Library and Information Services Task Force

Bruce Daniels
Rhode Island Department of State Library
White House Conference on Library and Information Services Task Force

Wayne Johnson
Wyoming State Library
Chief Officers of State Library Agencies

Patricia Klinck
Vermont Department of Libraries
Chief Officers of State Library Agencies

Bridget Lamont
Illinois State Library
Chief Officers of State Library Agencies

Byron Leeds
National Commission on Libraries and Information Science

Margaret Phelan
Phelan Business Research
National Commission on Libraries and Information Science

Jule Shipman
White House Conference on Library and Information Services Task Force

Joseph F. Shubert
New York State Library
Chief Officers of State Library Agencies

Lotsee Smith
University of Oklahoma School of Library Science
White House Conference on Library and Information Services Task Force

Amanda Williams
White House Conference on Library and Information Services Task Force

Mary Alice Reszetar, National Commission on Libraries and Information Science, Associate Director
White House Conference Program Officer

I. Introduction

In April, 1985, National Commission on Libraries and Information Science (NCLIS) Chair Elinor Hashim appointed the White House Conference on Library and Information Services Preliminary Design Group. Composed of members from the local, state and federal levels, the representatives are from the Chief Officers of State Library Agencies (COSLA), the White House Conference on Library and Information Services Task Force (WHCLIST) and NCLIS. The Design Group was asked to:

1. Make recommendations on the kinds of appointments which should be made by the President, Senate, House and NCLIS to the 30 member National Advisory Committee (National Conference Committee), taking into consideration minority representation and geographic distribution,
2. Prepare a preliminary design which will recommend the scope and focus of the Conference,
3. Frame the different alternatives for financing the Conference, and
4. Initiate planning for the schedule of events leading to the Conference.

This report responds to that charge and offers suggestions to help advance planning for the 1989 White House Conference. Prepared for the members and staff of the National Commission on Libraries and Information Science, the report also will be useful to the White House Conference Advisory Committee and its staff, and to others who will assist in planning the 1989 White House Conference.

The Preliminary Design Group recognizes that many individuals and groups will have varying opinions about the organization and the focus of the Conference. We encourage NCLIS to widely distribute this report and to continue seeking ideas and suggestions from all persons and organizations interested in the 1989 White House Conference. The success of the Conference requires widespread involvement of the library community and of other interested organizations in Conference planning.

II. Executive Summary

Legislation pending in Congress authorizes a 1989 White House Conference on Library and Information Services. To begin planning for that Conference, the National Commission on Libraries and Information Science (NCLIS) established the White House Conference on Library and Information Services Preliminary Design Group. NCLIS has submitted to the Office of Management and Budget a preliminary budget estimate to begin planning the Conference. National library and information science organizations have expressed interest in and support for the Conference.

Library and information services for productivity, library and information services for literacy, and library and information services for democracy are proposed as the three overarching themes of the 1989 White House Conference. The Conference is a process for widespread discussion of issues relating to these themes and to other concerns for library and information services at local, state, regional and national levels. Participants in Conference activities at all levels will identify and assist in focusing issues, and develop recommendations for action. Subject specialists prepare information for use in issue discussions, and later prepare option papers and other materials to support the agenda for the national conference.

Considerable flexibility is recommended for program activities leading to the 1989 White House Conference. Substate, state and multistate activities addressing library and information services issues, or any combination of activities at these levels, should be permitted, and pending legislation should be amended to allow this flexibility. The White House Conference process must be viewed as a reflection of the federal system in which major decisions are made at all levels of government and in which intergovernmental cooperation is essential.

The pending legislation creates a White House Conference Advisory Committee. The Preliminary Design Group provides a recommended position description for Advisory Committee members, and a chart identifying categories of persons sought, characteristics, and geographic location. While the Advisory Committee is being appointed, NCLIS should appoint an interagency task force of persons from federal agencies whose missions relate to the Conference themes to begin implementation of the authorizing legislation. The Advisory Committee is encouraged to create a program team of subject specialists for each of the Conference themes to assist in planning and to prepare Conference materials. Operations Teams are proposed to assist in management of the Conference.

Conference staff and funds must be secured, and detailed planning of Conference events and activities must begin. Full-time Conference staff must be hired. Additional staff may be available on loan from other federal agencies, from libraries and library, information science and other associations having an interest in the Conference, and on contract for preparation of specific papers and documents. Alternatives for financing the Conference include federal support for all conference activities, a combination of federal and state or private funds, and private support for all Conference activities. Major activities and events leading to the Conference and following the Conference are identified in a Planning Timeline.

The success of the Conference requires widespread involvement in Conference planning. The Preliminary Design Group encourages NCLIS to continue seeking ideas and suggestions from all persons and organizations interested in planning the 1989 White House Conference on Library and Information Services.

III. The Context for Planning the 1989 White House Conference on Library and Information Services

The first White House Conference on Library and Information Services, held November 15 through 19, 1979, was the culmination of 57 state, territorial and theme conferences and other meetings that involved more than 100,000 persons in grass roots discussion of critical issues affecting library and information services.

More than 3,000 resolutions were passed at the pre-White House Conferences, many recommending action at state and local levels to strengthen library and information services. Annual summary reports submitted since 1980 by state library agencies and members of the White House Conference on Library and Information Services Taskforce (WHCLIST) document increases in state appropriations for library and information services, establishment of new grant programs, formation of many statewide Friends of Libraries organizations, expanded continuing education opportunities, and many other significant changes. No one can claim that these improvements occurred only because of the White House Conference or the state level conferences, but many people agree that these conferences helped focus attention on critical issues and helped build broader public support for improved library and information services.

The national White House Conference brought together more than 3,600 participants, including 806 voting delegates, to discuss library and information services issues and to develop recommendations for strengthening services. Delegates passed 64 resolutions urging action by appropriating authorities, policy makers, government agencies and librarians to improve library and information services. By 1985, action had been taken to implement, at least in part, 55 of these resolutions.

One of the recommendations (Resolution F-3) of the first White House Conference on Library and Information Services is "...that a White House or Federal Conference on Library and Information Services be held every decade to establish the national information goals and priorities for the next decade, to assure effective transfer of knowledge to citizenry, and to accomplish this goal in light of accelerated changes in information technology and practices."

Two resolutions (Resolutions F-1 and F-5) adopted by the 1979 White House Conference on Library and Information Services called for the National Commission on Libraries and Information Science to convene a group, with delegates from each state, territorial or special delegation to the Conference, to plan, implement and follow up resolutions from the conference.

In response to these resolutions, the White House Conference on Library and Information Services Task Force (WHCLIST) was formed in September, 1980. For the past five years, WHCLIST has monitored implementation of the 64 resolutions passed by the 1979 White House Conference and has worked toward a 1989 White House Conference on Library and Information Services. The American Library Association has adopted a resolution encouraging a 1989 White House Conference, and most other national library and information service organizations have expressed interest in and support for such a conference.

The National Commission on Libraries and Information Science (NCLIS) which coordinated pre-White House Conferences between 1977 and 1979, and organized and conducted the 1979 White House Conference, also has taken steps toward a 1989 White House Conference. At its July, 1984 meeting, NCLIS adopted a resolution to:

1. Request commitment by the President, the United States Senate, and the United States House of Representatives, to the planning and conduct of a national conference on library and information services in 1989.

2. In consultation with the Executive Office of the President, leadership of the United States Senate and the United States House of Representatives, WHCLIST, and the major national associations representing library and information services, designate during the latter half of Fiscal Year 1985, and subject to the availability of funding, a preliminary Conference Design Group to initiate planning for appointment of a National Conference Committee (to be made in Fiscal Year 1986) and for the agenda of the Conference and the schedule of events leading to the Conference; and

3. Recommend that the President's Fiscal Year 1986 budget request include funds to support the work of the National Conference Committee in planning the 1989 Conference.

An essential step in the process of achieving a 1989 White House Conference on Library and Information Services was taken in April, 1985, by Senator Claiborne Pell (Rhode Island) and Representative Bill Ford (Michigan) who introduced identical resolutions S. J. Res. 112 and H. J. Res. 244, calling for a 1989 White House Conference. During the fall of 1985, other Senators and Representatives have joined as co-sponsors of this legislation.

IV. The Scope and Focus of the 1989 White House Conference

This chapter addresses the White House Conference process. The purpose of the proposed 1989 White House Conference on Library and Information Services is reviewed. Planning assumptions made by the Preliminary Design Group are detailed. Conference themes are proposed, and recommendations are made for processes to identify issues within these themes. Activities leading to the Conference are proposed, suggestions are made for conduct of the Conference itself, and activities to follow the Conference are identified.

Purpose

Pending legislation (S.J. Res. 112 and H.J. Res. 244) states that: "The purpose of the White House Conference on Library and Information Services shall be to develop recommendations for the further improvement of the library and information services of the Nation and their use by the public, in accordance with the findings set forth in the preamble to this joint resolution." Senator Pell and Congressman Ford, in introducing the joint resolutions, call for grass roots involvement by the American public including library users, civic leaders, lawmakers, librarians and others in identifying unmet library service needs, examining library and information service issues, and developing recommendations for future library and information services.

Planning Assumptions

As planning for the second White House Conference on Library and Information Services continues, the Preliminary Design Group recommends that the following assumptions guide the work of the planners:

1. Planning efforts will be based on the public act authorizing a second White House Conference.

2. The Conference should be thought of as a process involving persons from every state, territory and Indian Nation in discussion of issues relating to library and information services at local, state, regional and federal levels.

3. The entire process should result in the identification of user needs which will serve as the basis for realistic planning for library and information services as the twenty-first century approaches.

4. The national conference itself should focus on the three themes recommended in this report, with activities at other levels also addressing these themes as well as local, state and/or regional issues.

5. The process should be viewed as a continuum with local activities building up to any state/regional activities which lead to the national conference; after the national conference the results should be reported back for possible action to regional/state/local participants.

6. The public relations component for the entire process should focus on the advocacy of library and information services as an integral and essential part of a democratic society.

7. The entire conference process should build on the results of the first White House Conference and subsequent developments.

8. Funding for the conference process should not be totally dependent upon federal funds, but should be a combination of private and/or public sector funding.

9. There should be considerable flexibility for agencies planning local, state and regional participation in the pre-White House Conference activities.

10. The opportunity should exist for states to cooperate with each other in holding joint or regional activities.

11. The conference process should involve librarians, library trustees, members of friends of the library organizations, and information services and industry personnel, elected officials at all levels, and representatives of the general public, and the total group should reflect the composition of the population of the states, territories and Indian nations.

12. **Emphasis should be placed on attracting and involving persons who were not participants in the first White House Conference on Library and Information Services.**

White House Conference Themes

Increased productivity, literacy, and sound government decision making are critical to the health of our nation. They are the concern of the President, Congress, and elected officials at all levels of government. We propose three overarching themes for the 1989 White House Conference: library and information services for productivity, library and information services for literacy, and library and information services for democracy. These themes will enable the Conference to identify unmet needs, examine issues, and develop recommendations as called for in the pending legislation.

These themes also insure that the Conference discussions relate to pressing local, state and national issues that are of concern to the President, Congress, and elected officials whose support libraries need. President Reagan has said: "If we're to renew our economy, protect our freedom, we must sharpen the skills of every American mind and enlarge the potential of every individual American life. Unfortunately, the hidden problem of illiteracy holds back too many of our citizens..."

1. Library and Information Services for Productivity

Productivity in the United States has slowed over the last decade. As a result, our advantage in world markets has been shaken and employment in many industries is affected. A Nation at Risk pointed out:

> The risk is not only that the Japanese make automobiles more efficiently than Americans and have government subsidies for development and export. It is not just that the South Koreans recently built the world's most efficient steel mill, or that American machine tools, once the pride of the world, are being displaced by German products. It is also that these developments signify a redistribution of trained capability throughout the globe. Knowledge, learning, information, and skilled intelligence are the new raw materials of international commerce and are today spreading throughout the world as vigorously as miracle drugs, synthetic fertilizers, and blue jeans did earlier....

Economists vary in their opinions regarding the causes of increasing or decreasing productivity, but two factors are often cited: investment in technology (equipment, facilities, process) and investment in human resources (knowledge and development of workers' skills and capabilities).

Human resource development is critically important to increasing productivity. Productivity is reduced when workers have difficulty coping with day-to-day responsibilities or envisioning a long-term productive career. Fiber optics, telecommunications, robotics, biotechnology, microelectronics and other technologies are redefining the way most businesses work. The technology and the shift from a manufacturing to a service-and information-driven economy mandate extensive and ongoing retraining for the workforce. This retraining requires literacy skills on the part of workers and assures their ability for continuing learning. Most workers today will be required to master five different jobs in the course of their working life.

The work force will shrink as the "baby boom" generation begins to retire, and the nation will be increasingly dependent upon minority people in the work force. As there are fewer workers and a higher percentage of disadvantaged workers, opportunities for lifelong learning must become part of the foundation upon which we build renewed national productivity.

Increased employment is a key part of economic growth and the stability of the economy. The majority of jobs now added to the economy are in small businesses. Firms of fewer than 20 employees account for more than half of the jobs in the country.

Ensuring the success and economic vitality of small business has become a national as well as a state-level priority. In New York State, for instance, the importance of small business is shown by the estimate that reducing the annual rate at which small businesses fail by only one percent would contribute 40,000 jobs to the state's economy each year.

As more business becomes international, and we compete further in international markets, business needs an expanded understanding of other cultures, languages, and business practices.

Libraries are information agencies in an information society. They are indispensable to the economic well being of our nation. Research and development depends upon access to information. Libraries are needed by industries, business, and government as they deal with the need to increase productivity and adapt to new technology.

Libraries offer, as well, an historic avenue for individual advancement, a means for increased social and economic mobility for poor and disadvantaged persons. For instance, 10 of the 25 fundable activities under the 1983 Job Training Partnership Act (which focuses on retraining the workforce) are part of today's library services -- including job information counseling, literacy training and work readiness preparation.

Libraries must also continue to provide research and information services vital to economic development. Libraries enhance industrial and business productivity by providing information vital to research and development, operations, and decision making. The products of investment in research, both by government and by the private sector, are available through libraries. Business, science and technology sections of public and university libraries every day provide technical reports, international trade information, economic data, Federal standards and specifications, copies of patents, and other information needed for business and industrial purposes. Small businesses, an increasingly significant part of our economy, need library services because they cannot afford extensive in-house information resources or massive retraining programs.

As technological changes are having an enormous impact on our economy and as our society rapidly becomes more information-based and information-driven, the ability to locate, acquire, organize and use information is essential to success.

The White House Conference will need to consider how libraries can:

- provide business and industry (and small businesses in particular) improved access to needed information;
- help American business acquire a larger share of the international market;
- inform industries, economists, business consultants and others about the resources and services available from libraries;
- expand services that assist in developing a more efficient workforce;
- insure access to new information technology;
- promote economic vitality;
- make information accessible to all people through networks that link the resources of public, university, school and corporate libraries;
- help meet the information, continuing education, cultural, and social needs of senior citizens, ensuring continued productivity of our aging society;
- serve disabled and disadvantaged persons, helping them to become more productive; and
- cooperate with community groups, organizations, and other agencies in focusing upon meeting the needs of troubled youth.

2. Library and Information Services for Literacy

Illiteracy constitutes a national crisis. Some 27 million persons, or one-fifth of the adult population of the United States, are unable to read beyond a fifth grade level. These Americans are functionally illiterate -- unable to complete an application form, write a check, address an envelope, or read a safety notice or warning sign. Another estimated 46 million persons are only marginally competent in the reading and writing tasks related to everyday living and working. At the same time the changing nature of many jobs and a more complex society demands higher levels of reading and writing ability. As a result, millions of these Americans are unemployed, underemployed, or less effective members of society. Young people join the ranks of these two groups of reading handicapped every day.

The cost of illiteracy is clear in the following national estimates:

- Forty percent of adults with incomes under $5,000 are functionlly illiterate.
- Over one-third of mothers receiving Aid for Dependent Children are illiterate.
- Eleven percent of today's professional and managerial workers and 30 percent of semi-skilled and unskilled workers are illiterate.
- $6 billion is spent annually on welfare and unemployment compensation due to illiteracy.
- $6.6 billion is spent per year on 700,000 illiterate prison inmates.
- One million students drop out of high school in the United States each year.
- Forty percent of all minority youth may be functionally illiterate.
- $10 billion is expended by corporations in remedial programs for employees.
- $224 billion annually is lost in welfare payments, crime, job incompetence, lost taxes and remedial education.
- $237 billion is forfeited in unrealized earnings of unemployed and underemployed adults.

All libraries play a role in developing and expanding literacy. Libraries offer a unique opportunity for attacking the alarming illiteracy problem in America. The 1984 U.S. Department of Education report Alliance for Excellence calls on "libraries to become active in adult literacy education programs at local, state, and national levels." This recommendation builds on public library experience with serving adult independent learners and in cooperating with schools and community groups. In the last twenty years, libraries have undertaken a dynamic role in helping people who need to develop their reading skills. Libraries seek out and acquire special materials for adult learners. They have added to their library reference services community-based information and referral centers that help potential students and volunteers get involved in local literacy programs and identify other needed services. They work with other literacy education-providers in the community. Libraries provide materials for educators, tutors, and students -- and in many cases they provide library space for tutoring programs. Providing materials, making it easy for people to use those materials, and providing programs, activities, and exhibits that help people in an information society are cornerstones of every library's service. Remediation of literacy problems can involve all types of libraries -- school, academic, public, institution, special, and Native American. Remediation, as well as prevention of problems, can range from helping parents and daycare personnel introduce children to books and reading to cooperation in implementing the results of learning disability research.

In a society that daily becomes more information-oriented and more economically dependent on the effective use of knowledge, the ability to find and use information is a fundamental skill. This ability (currently falling under several rubrics: information skills, information literacy, media literacy, critical thinking skills, and higher order thinking skills, to name a few), extends the definition of literacy. A 1983 Department of Education report states "Most educators are now beginning to recognize that we are living in a world that is driven by more information than can be taught. The average citizen, and certainly the well-educated citizen as well, must therefore be capable of selecting and abstracting the information that is needed at any given time...'Excellence in education can no longer be measured by counting the number of facts a student has memorized. Rather, the criterion must be the ability to sort through bodies of information, find what is needed, and use it to solve... problems." This objective should be realized in part through academic courses and in part through school library media centers which provide special opportunity for students to develop research and self-study skills and to build capacities for lifelong learning.

The White House Conference will need to consider how libraries can:

- more effectively support formal education for literacy;
- assist greater numbers of self-learners and their volunteer tutors;
- help persons whose primary language is not English;
- cooperate with other agencies in community information and referral;
- use new technologies to serve learners;
- help people develop coping skills;
- best extend literacy and other services to people in rural areas;
- support and expand literacy and other services to minorities;
- become effective partners and advocates in mobilizing community, state, and federal action in behalf of literacy;
- help newly literate people expand their educational, cultural, and international horizons;
- best use limited Federal funds authorized under LSCA Titles V and VI, and cooperate with other Federal literacy programs;
- support training and education programs in penal institutions;
- strengthen and develop children's services and parent education programs that will help develop a new generation of life-long learners;
- support lifelong learning for people of all ages, conditions, and abilities; and
- improve services through cooperation with the private sector.

- promote the recognition that the ability to find and use information is a fundamental skill.
- provide opportunities for students to develop the ability to find and use information.

3. Library and Information Services for Democracy

Like business, government at local, state, and federal levels is part of today's complicated information society. Today, more than ever before, information is a crucial resource in a democratic society -- information upon which electors make their decisions, and information upon which elected and appointed officials and their staffs make decisions that affect those governed. Personnel and government decision making is being altered by technology, social change, and a rethinking of federal and state responsibilities. Information can help citizens and public officials anticipate, keep abreast of, and understand issues confronting our society -- issues that may challenge our basic ways of living and thinking. As changes take place in the federal government, more is expected of state and local governments. Government decision making is not the sole responsibility of elected or paid officials -- a democratic society depends upon the informed participation of its people. The Bicentennial of the United States Constitution, which coincides with the White House Conference, suggests the importance and timeliness of this theme.

The White House Conference will need to consider how libraries can:

- serve as effective information centers for all citizens;
- provide elected and appointed officials and their staffs improved access to needed information;
- make use of the technology to store, analyze, and transmit information needed by government decision makers and the public;
- receive and make available the information published by all levels of government;
- maintain up-to-date information about decisions and programs affecting citizens;
- deal with government-produced information regardless of format;
- work with citizen groups to ensure an informed electorate;
- help information users sift through a seemingly ever-expanding information glut, extracting what is useful, reliable, and timely;
- work more fully with the private sector to make information efficiently and economically available;
- assure that access to information is not restricted only to those who can afford to pay for it;
- maintain neutrality in providing information which is variously interpreted and used; and
- cooperate with the Library of Congress and national and state organizations in meeting information needs.

Participation Leading to the 1989 Conference

Every person in the United States has a stake in the White House Conference. Library and information services are so important to the residents and communities of every state, territory, and Indian Nation that the White House Conference process should provide an opportunity for all interested persons to have a role in reviewing needs for service, evaluating services, and planning how library and information services will serve them in the "information society." Technology provides new ways to involve large numbers of people in discussions of local, state, and federal policy on library services. Accordingly, we recommend that conference planning be sufficiently flexible to enable people in the states to determine appropriate activities preceding the Conference meeting in Washington, D.C.

Some state library agency administrators have expressed the desire not to have state conferences. Others propose that they work with neighboring states in planning and conducting multi-state activities. People in some states may find local "Speak-Outs" or regional meetings a useful means of providing grass roots participation.

Because the proposed legislation authorizing the second White House Conference calls for state conferences, we recommend that the legislation be amended or clarified to provide for appropriate substate and multi-state activities.

In planning for state participation in the process, a planning committee should be appointed in each state. If a state plans to cooperate with other states in holding a joint or regional activity, the planning committee will decide how to select those to attend the joint or regional activity. Each state delegation participating in a joint or regional activity will select from its members, delegates to the White House Conference keeping in mind the requirements as specified in the public law.

During the first White House Conference process, some of the preconferences were held two or more years prior to the White House Conference. It is difficult to maintain the interest of participants in a future conference for that period of time. Based on this experience, it is recommended that the pre-White House Conference activities at the local, state and/or regional levels be held as close in time as possible to the national conference.

For the White House Conference to be a success, it is important that the delegates have a common body of knowledge about the themes and issues to be discussed at the conference. A number of alternatives should be developed to create a common expert base, including publications and institutes. Technology, especially teleconferencing and computer networking, as a medium for training delegates should be incorporated to the fullest extent possible.

Participants in the national conference will spend substantial time in group discussions and each participant will want to be as effective as possible in these discussions. It is essential that the state delegations, prior to the White House Conference, be provided with training in group process techniques. Such training will make group activity at the conference flow more smoothly, and as a result, the substance of the group sessions will not be lost due to group process problems. Skilled and experienced moderators or facilitators are essential.

Identification and Consideration of Issues

The White House Conference process seeks to involve thousands of people in each of the states and territories in discussion of issues relating to library and information services. Some of these issues will address the proposed White House Conference themes of library and information services for productivity, literacy, and democracy. Others will be local or state issues. To make the most effective use of participants' knowledge and time, and to meet the purposes of the proposed White House Conference legislation, a framework is needed to focus issues at all levels that will also result in an agenda for consideration of national issues at the White House Conference.

The issues to be addressed by delegates to the national conference should be determined popularly, through a process beginning at the local level and continuing through any state and regional events. We recommend that the issues be simultaneously studied by subject specialists, working with the White House Conference Advisory Committee and discussed in greater detail in Chapter V. Subject specialists should be charged with compiling relevant statistics and other background information for use by delegates at all levels, who must be well-informed to debate issues and develop recommendations.

For organizational purposes, the White House Conference approach to issues should be hierarchical. The three proposed broad, overarching conference themes of library and information services for productivity, literacy and democracy each subsume a number of different issue clusters. Each issue cluster consists of interrelated, narrow and specific separate issues or problems as identified by delegates at all levels. These will eventually be addressed in the conference recommendations.

The early identification of potential issue clusters related to the themes is crucial for development of background information for use locally. To this end, the Conference Advisory Committee should engage a subject specialist for each of the three themes and determine guidelines for the format of their reports.

The subject specialists for the three areas should be charged with identifying potential issues and issue clusters, and with developing relevant delegate briefing materials.

As delegates meet in local, state, and regional events, they will delete, add to, or otherwise modify the previously identified issues and issue clusters. We recommend that substantive questions arising out of this process should be referred to a small subset of the subject specialists, maintained as an on-call cadre. At the close of state activities the Conference staff should compile a final list of issues generated by the local delegates. Those recurring from state to state and of greater than merely local or state interest should be identified from this list.

We recommend that the subject specialists reconvene to formulate an array of possible recommendations to address this list of national issues. Issue option papers would be prepared summarizing recommendations from state or multi-state activities. Separate mini-conferences might be held to elucidate each theme, and recommendations from these conferences also would be included.

Shortly before the White House Conference, those persons selected to be delegates might meet in regional delegate caucuses to add to, delete, or modify the options presented. They then would vote to determine the priority ranking of issues within each cluster and of options for recommendations accompanying them. A second approach might be to poll delegates by mail concerning their choice of options and preferred ranking of issues.

The foregoing procedures are intended to result in a substantive agenda for the national conference. The issues and options for recommendations have evolved through a popular, democratic process which is nonetheless supported by informed opinion from subject experts. At each stage, the mass of inputs is winnowed to form a manageable final body of materials for the Conference. Thus the final Conference discussion and voting represents a genuine grass roots expression of its concerns and chosen recommendations for incorporation into public policy by its elected leaders.

The national White House Conference will require the services of skilled discussion leaders, meeting moderators, and presiding officials. These persons must have a thorough understanding of what is to be accomplished at the Conference and considerable experience in group process techniques.

Activities After the National Conference

It is also important that the results and action plans from the White House Conference be taken back to the people who participated in regional, state or local activities. This will enable the participants to review what occurred at the national conference and to assess what the impact could be on their own recommendations. The opportunity would exist for the participants to discuss what they could do to begin implementing the results of their activities as well as those of the national conference.

This follow-up activity is important. Many of the participants in the state conferences during the first White House Conference process lost interest in both the national resolutions and in the state resolutions when their participation ended with the state conferences. Much time and effort will be expended in preparing the participants, giving them a unique background and experience which must not be lost in the implementation phase due to lack of post-conference communication. This follow-up activity would complete the process at the level where it had begun - the local level.

As specified in the public law, a final report of the Conference including findings and recommendations shall be submitted to the President. This report will become a blueprint for future action. It should be disseminated widely, and plans should be developed by the Advisory Committee for implementation of recommendations.

Following the precedent of the first White House Conference, the Preliminary Design Group hopes that the President will appoint an interagency task force to make recommendations for implementation of the resolutions at the federal level, and to follow up so that these resolutions are implemented.

V. Administration of the White House Conference

Planning for and administration of the White House Conference requires the knowledge and skills of members of various advisory committees and of conference staff; cooperative relationships between states and the federal government, and adequate funding to support all activities. This chapter reviews the role of the White House Conference Advisory Committee. A Federal Interagency Task Force is proposed to harness the resources and skills of federal departments and agencies toward the White House Conference effort. Program and Operations Teams of experts are suggested to assist the White House Conference Advisory Committee. Recommendations are made to encourage cooperative working relationships between the states and the federal government. Suggestions are made relating to conference staffing. Alternatives are identified for financing the conference.

White House Conference Advisory Committee

The proposed legislation establishes a White House Conference Advisory Committee. While the Conference is held under the auspices of NCLIS, the Advisory Committee has responsibility for planning and conducting the Conference. The Advisory Committee selects the Chair of the White House Conference. The Chairman of NCLIS is to serve as the Vice Chairman of the Advisory Committee. The Advisory Committee elects its Chair from among its members, but the Chair may not be a full-time federal employee.

The Advisory Committee consists of thirty persons. Eight members are appointed by the Chairman of NCLIS. Five members are appointed by the Speaker of the House of Representatives with no more than three being members of the House, and five members are appointed by the President pro tempore of the Senate with no more than three being members of the Senate. Ten members are appointed by the President. In addition, the Secretary of Education and the Librarian of Congress are members of the Advisory Committee.

In order to identify responsibilities, qualifications and desirable experience of Advisory Committee appointees, a position description was developed for Advisory Committee members, supplemented by a chart identifying categories of persons sought, characteristics, and geographic regions. These documents are intended for the use of persons making appointments to the Advisory Committee. The documents are included in Appendix A and Appendix B, pages 22 and 23.

Interagency Task Force

Following the enactment of White House Conference authorizing legislation, NCLIS should establish an interagency task force to carry out early White House Conference tasks and responsibilities prior to appointment of the White House Conference Advisory Committee. This task force should consist of representatives from federal agencies and/or their various subdivisions whose missions relate to the conference themes of productivity, literacy and democracy. Under the proposed legislation, such agencies are mandated to participate in relevant activities under NCLIS leadership ("each Federal department and agency...shall cooperate with, and provide assistance to the Commission upon its request...") and may provide funding assistance and staff as well as other administrative support. This initial interim effort would continue as needed, subsequent to the establishment of the permanent White House Conference organization with its own staff and offices. A list of relevant agencies from which the Interagency Task Force might be drawn is included as Appendix C, page 25.

Program and Operations Teams

The proposed White House Conference legislation authorizes the Chairman of the Advisory Committee "...to establish, prescribe functions for, and appoint members to, such advisory and technical committees and staff as may be necessary to assist and advise the Conference in carrying out its functions."

The Preliminary Design Group recommends that three Program Teams be appointed, one for each of the Conference themes of library and information services for productivity, library and information services for literacy, and library and information services for democracy. Program Teams would report to the White House Conference Advisory Committee. Responsibilities of Program Teams would include:

1. Identifying and refining issues and issue clusters as detailed in Chapter IV of this report.

2. Advising on plans for White House Conference programs and sessions at the level of responsibility requested by the Advisory Committee.

3. Preparing publications, conducting research and otherwise providing for the necessary background information on Conference themes and issues.

4. Preparing advance materials for delegates to provide a common level of knowledge of each theme.

5. Planning and conducting a mini-conference on each theme, perhaps at and through a major university with a center for the study of the theme area, with papers and reports published as proceedings.

Members of Program Teams should be appointed from a wide variety of national organizations or interest groups with direct interest in the themes. Representatives of library and information services organizations should be on all three Program Teams. A list of possible organizations and interests that might be represented on Program Teams is included as Appendix D, page 27. This is a representative list only and does not attempt to identify all organizations and interests that should be or would want to be involved.

In addition, consideration should be given to appointment of Operations Teams to advise the White House Conference Advisory Committee. Separate Operations Teams might be established to address public awareness, finance, personnel, and publishing.

Federal/State Relationships in Conference Planning

In the planning for the 1989 White House Conference, the relationship between the agency or organizations responsible for the administration of federal funds and the state agency or organization responsible for implementing state or regional programs and activities should be one of mutual dialogue.

Some state agency personnel who participated in 1979 White House Conference activities strongly believe that too many procedures were mandated at the federal level. In some cases, policies and procedures were changed after states were well into the planning of state conferences.

The Conference Advisory Committee must be cognizant of these strong feelings and sensitive to problems that might occur without full discussion. As the Advisory Committee develops the concepts and processes, it is essential that it maintain a dialogue with state agencies and organizations and provide those groups with opportunities and adequate time to respond thoughtfully to proposed plans.

The 1989 White House Conference should be implemented in accordance with a national public act, which is yet to be enacted. Ultimately it must be viewed as a reflection of our federal system in which some major decisions are made at the sovereign state level, territorial level, Indian Nation level, and others are made at the federal level. The need to recognize the intent of Congress as well as existing federal/state relationships in the planning for the White House Conference should complement the experience of traditional federal/state relationships. The relationships among the federal government, the state agency or state organization responsible for the administration of federal funds and the state agency or organization responsible for planning pre-White House Conference programs and activities should also follow that philosophy.

Staffing for the Conference

The conference needs a core full-time staff dedicated to the planning, implementation and post conference activities of the White House Conference. Both management and clerical staff are needed for a sufficient period of time to adequately staff the entire White House Conference process at the national level.

Additional staff will be required for varying periods of time. Coming to the White House Conference with differing backgrounds and skills, these persons may answer the varying needs of the conference process as it moves through each of its phases. Staff may come from at least five possible sources.

First, professional level staff should be lent from other federal agencies. These individuals will probably be of GS 9 level and above. They should have clerical support from their individual agencies.

Second, libraries in the United States may be willing to lend staff to the White House Conference. These individuals will probably be librarians with several years in the profession. Their time spent working on the conference might be treated as sabbatical leave so that they are paid by their library.

Third, interested national organizations and associations may be willing to lend staff to the White House Conference. Staff of associations often are particularly skilled in conference planning and design.

Fourth, some staff may be individuals on leave without pay from various libraries or from other interested organizations. They would work for periods of one month or longer. Their salaries would come from White House Conference funds. They would then return to their permanent positions.

Fifth, librarians and other subject specialists would be available to create specific papers or documents under grants from White House Conference funds, U.S. Dept. of Education grants or other funding sources. These may be library school faculty and other university faculty. They would research and write at their place of employment.

Alternatives for Financing the Conference

The 1979 White House Conference process was financed primarily from public funds provided by the federal and state governments. The Preliminary Conference Design Group has identified several alternatives for NCLIS to consider for financing the 1989 White House Conference process.

One alternative for financing the conference would be for a federal appropriation for the entire cost of the process from the local level to the national level. There will be costs for staff, delegate and committee travel, use of equipment and space, preparation and distribution of materials, and many other White House Conference functions. Expenses would be incurred at the national and state levels. For grant funding from the national level to the states, the Advisory Committee would establish a minimum and a maximum grant amount for which each state would be eligible.

A second approach would be to have the White House Conference process funded from a combination of federal, state, and private sources. Federal funds might be made available on a matching basis from funds committed by state government and contributed from private sources. The federal match could be one dollar for every dollar provided by state and/or private sources with appropriate maximum and minimum federal shares. States could use Library Services and Construction Act funds as well as state in-kind contributions in meeting their matching requirements. The advisory committee would establish a maximum allowable in-kind contribution for the state match. This type of funding arrangement would require conference planners to prepare carefully for the funding aspects. It would require a long lead time. Many states operate on a biennial budget process and would need to identify funding needs three to four years prior to state activities.

A third alternative would be to fund the process entirely with funds from the private sector. Foundations and corporations could be approached to provide funds for activities at the local, state, regional and national levels.

VI. White House Conference Planning Timetable

Certain activities and events must occur at certain times if the White House Conference process is to progress. A timeline is proposed for a White House Conference to be held in October, 1989. While dates for specific activities and events might be changed or adjusted as needed, it is important that many of the activities occur in sequence so that Conference planning and implementation proceeds as smoothly as possible.

WHCLIS Timeline

fall, winter '85	enlist cosponsors for S.J. Res. 112, H.J. Res 244
spring '86	Senate and House hearings
spring '86	Senate and House committees report bills out for votes
Apr. '86	House and Senate conference
by Sept. '86	Congress passes bill; President signs
Sept. '86	year-end supplemental appropriation
Sept. '86	White House press release
Sept. '86 +	form interagency task force
Sept. '86 - Mar. '87	secure detailees, interim offices
Oct. '86	appoint advisory committee
Nov. '86	select WHCLIS chair
Nov. - Dec. '86	appoint "big name" Deputy Chairs
Nov. - Dec. '86	appoint Executive Director
Dec. - Mar. '87 +	select staff, permanent offices
Dec. '86	begin WHCLIS newsletter
Jan. '87	briefings for national organizations, professional associations industry, etc.
Apr. '87 +	set up mechanism for contributions
May '87	President contacts Governors
June '87	adopt and mail State activity guidelines
July '87	briefings for State coordinators
July - Aug. '87	engage subject specialists
Aug. '87	satellite teleconference/workshops for State events
Sept. '87	White House reception
Sept. '87	develop subject specialist report guidelines
Oct. '87 - Jan. '88	subject specialists refine WHCLIST issue clusters, develop statistics, background information
Feb. '88 - Mar. '89	State activities: meetings, conferences, etc.
Feb. '88	Census, NCES, BLS statistics publications
Mar. '88	miniconference: productivity
Apr. '88	form corporate task force
Aug. '88	miniconference: literacy
Oct. '88	Chair briefs Congress
Nov. '88 - Mar. '89	list issues as identified in States
Feb. - Apr. '89	subject specialists develop issue option papers
Feb. '89	miniconference: democracy
Apr. '89	compile lists: all delegates, issues, options
Apr. - June '89	regional delegate caucuses: prioritize issues, finalize choice of options, form essentials of agenda
June '89	poll delegates for interest areas, make assignments
June - July '89	develop WHCLIS procedures, workbooks
July '89	Department of Education literacy publication
Aug. '89	delegation heads review procedures
Aug. '89	publish and mail to delegates: final agenda, issues and options, workbooks
Sept. '89	NCLIS publishes miniconference reports
Sept. '89	mail miniconference reports to delegates
Sept. - Oct. '89	"national information week/month"
Oct. '89	WHCLIS
Oct. '89 - Jan. '90	summarize recommendations in final report
Oct. '89 +	post-conference activities at regional, state and local levels
Nov. '89	National Press Club press conference
Feb. '90	present final report to President
Mar. '90	testify in House, Senate
Apr. - May '90	form national task force (WHCLIST) to identify and plan implementation, establish post-conference communication channels

VII. Building Support for the White House Conference

Users and providers of library and information services will receive the greatest benefit from investment of time, talent and funds by sharing responsibility for and involvement in the process from the start. The conference ought to be a catalyst for local and state improvement of services long before the national event and its implementation phase.

To ensure results from the White House Conference, involvement must be sought and shared with people from within and without the library field. Indeed, broad grass roots involvement is necessary to secure legislation, funding and Presidential sponsorship. Therefore, the highest priority should be placed on early and continuing communication and feedback. A professional public relations expert should be hired as soon as funds are available--not as a latecomer but as an integral part of early steps. A carefully planned public awareness program and budget will enable the conference staff to establish connections with library support groups as well as with literacy, education, business and public sector organizations. A list of such agencies is included as Appendix D. Trustees and Friends of the Library at local, state and national levels can become allies and financial supporters if channels of communication are established early.

Lively debates at state and national meetings and publication of issue papers in library journals, publications of other organizations, and popular magazines ought to be promoted. Those composing the advisory committee's subject specialists should act as liaisons to their associations.

Realistic expectations for financing the complete conference process are that funds will be needed from government, foundations, business and industry, and organizations. Members of the advisory committee should establish two-way communication with all of these groups far in advance of any need for underwriting.

Securing support begins with early communication. Attention to the cultivation of allies is vital.

Appendix A

ADVISORY COMMITTEE MEMBER POSITION DESCRIPTION

Appointments to the White House Conference on Library and Information Services Advisory Committee will be made by the President, the Speaker of the House of Representatives, the President pro tempore of the Senate, and the Chairman of the National Commission on Libraries and Information Science. Potential appointees will want to know what Advisory Committee member responsibilities will be. This position description has been prepared for consideration by appointing authorities.

TITLE	Member, Advisory Committee for White House Conference on Library and Information Services, 1989.
RESPONSIBILITIES	As a member of a 30 person advisory group, in effect, this person will have the same responsibilities as a corporate or association director or library trustee. She/he will participate in policy making, planning, review and evaluation of program segments and financial statements to assure success of the conference within the allotted budget. Professional full-time staff will be available for early planning, implementation and evaluation of the conference.

QUALIFICATIONS	Expertise in acquiring, providing or transmitting information. Ability to think conceptually and with national perspective. Sound and impartial judgement. Strong personal commitment.
EXPERIENCE	The #1 or #2 person in a corporation/organization/state/municipality or other government entity or a person familiar and comfortable with board responsibilities is required. Preferably the individual's occupation will relate to libraries and information services either as a user or a provider of information. In any case, key elements for this advisory appointment are: (1) proven leadership capabilities displaying effectiveness in guidance and oversight and (2) commitment to a successful conclusion.
COMPENSATION	Actual transportation costs and standard government per diem.
ESTIMATED TIME REQUIRED	Six, two-day meetings per year and travel time plus study time during planning and implementation phases.
MISCELLANEOUS	In addition to the above qualifications, and in order to provide appropriate diversity, the categories in Appendix B should be considered.

Appendix B

ADVISORY COMMITTEE COMPOSITION CHART

Appointing authorities will want to make the Advisory Committee as representative as possible. This chart has been prepared for consideration by appointing authorities.

	Northeast	Southeast	Central	Mt./Plains	West
1. LIBRARY PROFESSIONAL					
A. Public					
b. K-12					
c. Academic					
d. Special					
e. Government					
1. Federal					
2. State					
f. Library Education					
2. LIBRARY SUPPORT					
a. Trustee					
b. Friend					
c. Prof. Assn.					
3. INFORMATION PROFESSIONAL					
a. Publisher					
b. Author					
c. Media					
1. Print					
2. Electronic					
d. Abstracting					
e. Data Base					
f. Network					
4. USER					
a. Professional					
b. Business/Industry					
c. Technical/Science					
d. Homemaker					
e. Student					
5. GOVERNMENT					
a. Federal Official					
b. State Official					
c. Local Official					
A. DEMOGRAPHIC					
a. Urban					
1. Innercity					
2. Suburban					
b. Rural					
1. Town					
2. Country					
B. AGE					
a. 19-32					
b. 33-50					
c. 51-65					
d. 65-Over					
AA. MINORITIES					
a. Native American					
b. Black					
c. Hispanic					
d. Asian					
BB. HANDICAPPED					
a. Visually					
b. Deaf/Oral Deaf					
c. Limb Immobile					

The White House Conference on Library and Information Services Taskforce uses the regional structure outlined below for its organization. Appointing authorities may wish to consider this regional structure in making appointments to the Advisory Committee.

Northeast

- Connecticut
- Delaware
- Maine
- Maryland
- Massachusetts
- New Hampshire
- New Jersey
- New York
- Pennsylvania
- Puerto Rico
- Rhode Island
- Vermont
- Virgin Islands

Southeast

- Alabama
- District of Columbia
- Florida
- Georgia
- Kentucky
- Louisiana
- Mississippi
- North Carolina
- South Carolina
- Virginia
- West Virginia

Central

- Arkansas
- Illinois
- Indiana
- Iowa
- Michigan
- Minnesota
- Missouri
- Ohio
- Wisconsin

Mtn/Plains

- Colorado
- Kansas
- Montana
- Nebraska
- North Dakota
- Oklahoma
- South Dakota
- Texas
- Utah
- Wyoming

West

- Alaska
- Arizona
- California
- Hawaii
- Idaho
- Nevada
- New Mexico
- Oregon
- Pacific Territories
- Washington

Appendix C

POTENTIAL SOURCES FOR INTERAGENCY TASK FORCE MEMBERS

- Executive Office of the President
  - Office of the Vice President
    - Domestic Policy
  - Office of Management and Budget
    - Office of Information and Regulatory Affairs
  - Office of Policy Development
    - Office of Policy Information
    - Office of Private Sector Initiatives
  - Office of Science and Technology Policy
  - Cabinet Council on Human Resources
  - National Productivity Advisory Committee
  - National Voluntary Service Advisory Council

- Department of Agriculture
  - Assistant Secretary for Science and Education Administration
    - Extension Service
    - National Agricultural Library
  - Under Secretary for Small Community and Rural Development
    - Rural Development Policy

- Department of Commerce
    - Assistant Secretary for Communications and Information Policy
        - Policy Analysis and Development
        - International Affairs
        - Telecommunications Applications
        - Institute for Telecommunications Sciences
    - Assistant Secretary for Productivity, Technology and Innovation
    - National Technical Information Service
    - Bureau of Economic Analysis
        - National Analysis and Projections
    - Bureau of the Census
    - Economic Development Administration
    - Assistant Secretary for Trade Development
        - Office of Service Industries
            - Information Industries Division
        - Deputy Assistant Secretary for Science and Electronics
    - National Bureau of Standards
        - Institute for Computer Sciences and Technology
    - President's Commission on Industrial Competitiveness

- Department of Defense
    - Deputy Assistant Secretary for Public Affairs
        - Directorate for Freedom of Information and Security Review
    - Defense Technical Information Center
    - Technical Libraries (10 in D.C. area)

- Department of Education
    - Assistant Secretary for Educational Research and Improvement
        - Center for Libraries and Education Improvement
        - National Center for Education Statistics
    - Assistant Secretary for Special Education and Rehabilitation Services
    - Assistant Secretary for Elementary and Secondary Education
    - Assistant Secretary for Vocational and Adult Education
    - Division for Information Services
    - Division for Library Programs
    - National Advisory Council on Adult Education
    - National Advisory Council on Continuing Education
    - National Advisory Council on Indian Education
    - National Advisory Council on Vocational Education
    - National Advisory Council on Women's Educational Programs
    - National Council on Educational Research
    - Office for Research

- Department of Health and Human Services
    - Office of Human Development Services
        - Administration for Children, Youth and Families
        - Administration on Aging
        - Administration on Developmental Disabilities
    - National Library of Medicine

- Department of the Interior
    - Bureau of Indian Affairs
        - Office of Indian Education Programs
        - Office of Indian Services

- Department of Labor
    - Employment and Training Administration
        - Office of Job Training Programs
    - Bureau of Labor Statistics
    - National Commission for Employment Policy

- Department of State
    - Assistant Secretary for Economic and Business Affairs
        - Transportation and Telecommunications Affairs
    - Bureau of International Communications and Information Policy

Independent and Legislative Branch Agencies

ACTION
Copyright Royalty Tribunal
Corporation for Public Broadcasting
Federal Communications Commission
Government Printing Office
Library of Congress
National Council on the Handicapped
National Endowment for Democracy
National Endowment for the Humanities
National Science Foundation
Postal Rate Commission
Small Business Administration
Smithsonian Institution
United States Information Agency
Veterans Administration

Appendix D

EXAMPLES OF ORGANIZATIONS AND GROUPS FOR POSSIBLE PROGRAM TEAM MEMBERSHIP

A. Library and Information Services Associations

American Association of Law Libraries
American Indian Library Association
American Library Association and its divisions and units
American Society for Information Science
Association for Library and Information Science Education
Association of Research Libraries
Chief Officers of State Library Agencies
Friends of Libraries USA
Medical Library Association
National Association of State Educational Media Professionals
Special Libraries Association
Urban Libraries Council
White House Conference on Library and Information Services Task Force

B. Related Associations

Association for Educational Communications and Technology
Association of American Publishers
Computer and Communications Industry Association
Information Industry Association
National Federation of Abstracting and Indexing Services
Society of American Archivists

C. Education Associations and Groups

American Association for Adult and Continuing Education
American Association for Higher Education
American Association of University Professors
American Council on Education
American Federation of Teachers
Council of Chief State School Officers
Institute of Educational Research
International Reading Association
Laubach Literacy International
Literacy Volunteers of America
National Association of Independent Colleges and Universities
National Congress of Parents and Teachers
National Education Association
National School Boards Association

D. User Groups

American Association of University Women
American Federation of Labor/Congress of Industrial Organizations
American Management Association
Association of Junior Leagues
Boy Scouts of America
Boys Clubs of America
Camp Fire, Inc.
Chamber of Commerce of the United States
Girl Scouts of the U.S.A.
Kiwanis International
League of Women Voters of the United States
Lions International
National 4-H Council
Optomist International
Quota International
Rotary International
United States Jaycees
Zonta International

E. Special Groups

American Association of Retired Persons
American Council of the Blind
Association for Children and Adults with Learning Disabilities
Black Affairs Center
Division of Physically Handicapped Children
Hispanic Institute in the United States
National Council on the Aging
National Federation of the Blind
Service Corps of Retired Executives Association

F. Public Affairs Groups

American Society for Public Administration
Council of State Governments
Education Commission of the States
National League of Cities
National Association of County Officials and County Executives

G. Business, Industry, Professional and Agricultural Interests for Which Association Representation Might be Sought

Agriculture
Construction
Electronics
Financial
Heavy Industry
High Technology
Light Industry
Law
Medicine
Mining
Retail
Utilities
Wholesale

H. Sources, Other Than Associations

Administrative and support staff of Congress
National libraries

Appendix E

PRELIMINARY DESIGN GROUP MEETINGS AND ACTIVITIES

At its first meeting in Washington, D. C. on April 17, 1985, the Preliminary Design Group accepted the charge and formed subcommittees to begin identifying issues and drafting recommendations. The Design Group also determined that it would solicit as many ideas and suggestions as possible from all interested persons. To that end, Design Group Chair, Bill Asp, wrote a letter requesting ideas and suggestions for Design Group consideration. More than 1,200 copies of the letter were sent by NCLIS to participants in the 1979 White House Conference, including all conference planners and members of advisory groups. The letter was also sent to library and information services associations and other professional associations having an interest in library and information services. Some thirty responses were received, with many suggestions which the subcommittees discussed. Almost all responses indicated support for a 1989 White House Conference, offered assistance in planning, and expressed interest in continued involvement.

Additional assistance to the Design Group was provided by staff of the Congressional Research Service, Library of Congress. Robert Chartrand, Senior Specialist in Information Policy and Technology and ex-officio Design Group member, and Sandra Milevski, Senior Research Assistant, provided a variety of reports and other documents to the Design Group. Ms. Milevski prepared an extensive report on White House Conferences held since 1979, reviewing composition of conference advisory committees; conference design, scope and focus; conference finance and time schedules for planning. Mr. Chartrand is working with Joseph Becker to prepare for NCLIS a report on techniques for reviewing the NCLIS national program document, Toward a National Program for Library and Information Services: Goals for Action, with the possibility of having the document revised or a new national program document developed for discussion at the 1989 Conference.

The Design Group continued its work at meetings in Chicago on July 8 and August 21, and in a meeting in New Orleans on October 22 and 23, 1985. Work was completed in November, 1985.

Acknowledgments

The White House Conference on Library and Information Services Preliminary Design Group expresses its sincere appreciation to all individuals and organizations offering ideas and suggestions which greatly assisted the Design Group in developing recommendations for planning the 1989 White House Conference. Special appreciation is expressed to Mary Alice Hedge Reszetar, Associate Director of NCLIS, who offered valuable information and ideas, arranged for all Design Group meetings, and prepared minutes of Design Group meetings. Special appreciation is also expressed to Ruth Miller, Minnesota Office of Library Development and Services, for providing clerical support for the Design Group including the typing of this report.

Mr. Weicker: What will be the primary areas of focus?

Miss Hashim: The proposed three themes of the conference are:
Library and Information Services: -for Productivity,
-for Literacy, and
-for Democracy.

All of these themes relate directly to the continued economic well being of the nation. For example, the Conference's Democracy theme will need to consider how libraries can serve as effective information centers for all citizens; how libraries can provide elected and appointed officials and their staffs with improved access to needed information on which they base important policy decisions; how libraries can best use technology to store, analyze and transmit information needed by government decision makers and the public; how libraries can receive and make available the information produced by all levels of government and how we can ensure that access to information is not restricted only to those who can afford to pay for it.

The Conference's Literacy theme will need to consider how libraries can more effectively support formal education for literacy; how libraries can assist greater numbers of selflearners and their volunteer tutors; how libraries can help persons needing to learn the English language; how libraries can use new technologies to serve learners; how libraries can best work with other agencies and the private sector to improve services; and how libraries can support lifelong learning for people of all ages, conditions and abilities.

The Conference's Productivity theme will need to consider how libraries can provide business and industry, especially small business, improved access to information; how libraries can help American business acquire a larger share of the international market; how libraries can inform industries, economists, business consultants and others about the resources available through networks that link public, academic, school and corporate libraries; and how access to information can develop a more efficient and productive workforce.

Information-Finding Skills

Mr. Weicker: Madam Chairman, in your opening statement you remark that the promotion of information-finding skills will be one of your primary program areas in FY 1987. What is your definition of these skills?

Miss Hashim: As part of our work in the area of information skills or critical thinking skills, NCLIS convened a group of library media administrators, educators, concerned citizens and publishers to discuss ways to define information skills. As a result of this meeting, a concept paper was written to attempt such a definition and to place it in the context of the school library media center.

Although there is no absolute agreement on a definition of critical thinking skills, the paper cites ten skills from the current literature that represent a consensus of scholarly reflection and that are often a consideration in information skills curricula. These include: "distinguishing between verifiable facts and value claims; determining the reliability of a source; determining factual accuracy, distinguishing relevant from irrelevant information; detecting bias; identifying unstated assumptions; identifying ambiguous or equivocal arguments; recognizing logical inconsistencies; distinguishing between warranted or unwarranted claims; and determining the strength of an argument."

Mr. Weicker: What are your plans for promoting these skills in libraries and in schools?

Miss Hashim: We believe by involving school librarians, media center directors and school administrators these people will promote these skills within their own professions. In addition, we will be involving their professional organizations. They will promote this project through their newsletters, conference programs, etc. The concept paper to be published in the School Library Media Quarterly in the fall of 1986, describes information-finding and using skills as part of the education process, and defines the role of the school library media program in educating children.

The Commission hopes to be actively involved in a program to recognize outstanding skills development projects. The purpose of the recognition program is to heighten the awareness of educational professionals, at all levels, of the need to teach the skills of finding and using information effectively.

Memorandum of Understanding with ACTION

Mr. Weicker: I understand that you recently signed a "Memorandum of Understanding" with the ACTION agency, with respect to using older volunteers in libraries. Would you further elaborate on what is involved in this "Memorandum of Understanding"?

Miss Hashim: Our new Memorandum of Understanding with ACTION is part of our continuing interest in seeing that older Americans are better served by libraries. As you know, ACTION is an organization for volunteers, and our older citizens can be used very productively as volunteers in the literacy efforts taking place in libraries all across the country. Our older citizens are a great untapped resource in this country, and it is our hope that using them in library literacy efforts will be just the beginning of using their talents in many areas.

The MOU commits the two agencies to work cooperatively at the federal level and through their respective local and state networks to promote the improvement and better use of library and information services to the aging through voluntary activity.

ACTION will encourage the distribution of its project information to local libraries in order to enhance the libraries' community and information referral (CI&R) for the elderly and inform persons about ACTION'S volunteer programs. In addition, ACTION will encourage its local volunteers to assist local public libraries in the expansion of their outreach efforts to locate other persons who could benefit from library and information services and to provide volunteer support for such efforts.

NCLIS will encourage local libraries, through the library and information network, to distribute material about library services and programs to ACTION and other volunteer organizations. Also, NCLIS will encourage the use of older adults as library volunteers in providing services to meet the special needs of the elderly, especially in the area of literacy.

United States/United Kingdom Meeting

Mr. Weicker: In your opening statement you mentioned that you participated in the first United States/United Kingdom meeting on Information and Productivity held in the United Kingdom in 1984. What were the recommendations of that meeting?

Miss Hashim: The 14 recommendations are as follows:

Recommendation 1 - Prepare a broad statement about the value of managing and using information effectively to improve productivity and the quality of life, using US and UK data to support this statement.

Recommendation 2 - Consolidate existing research that defines the competencies required in the new information professional and the changing scope of the information professional's role. Include findings on the importance of subject knowledge and the role of the intermediary. These should be disseminated widely to employers and educators.

Recommendation 3 - Identify channels for promoting an appropriate image of the profession and its products and services.

Recommendation 4 - Establish appropriate interactions between educators and the work place to match competencies to the needs.

Recommendation 5 - Because it is essential for everyone - from cradle to grave - to know how to find and use information effectively, encourage the explicit inclusion of these skills as a basic examinable part of the curriculum at all levels. Also, offer incentives (such as scholarships and prizes) to encourage bright students to enter the information field.

Recommendation 6 - Survey exemplary education and training models in the US and the UK and present their case studies in a report.

Recommendation 7 - Explore the idea of a regular summer school for library and information school staff and students who are identified as high achievers.

Recommendation 8 - Identify the range of objectives of continuing education for the library/information science field, the required scope and coverage of such continuing education and the variety of means and methods (e.g., distance learning) by which such education can be achieved. This should include attempts to link appropriate short courses with formal educational requirements and to coordinate total continuing education initiatives (e.g., through professional organizations).

Recommendation 9 - Urge increased funding and support for research and development in the library/information science field, especially in the light of a shift to a more equal emphasis on both information and technology within the area of information technology in the UK. Encourage interdisciplinary involvement in conducting research and in providing funds from both the public and private sectors. Possible groups to be urged include: National Science

Foundation; National Endowment for the Humanities; Council on Library Resources; British Library Research and Development Department; and the Economic and Social Research Council in the UK.

Recommendation 10 - Provide support for follow-up on the King Research, Inc. study on competencies to link with research on the value of information, and disseminate results in the UK and US.

Recommendation 11 - Establish a trilateral (US, UK, and Canada) information analysis center for the information field, including such areas as costs, benefits, value, and productivity.

Recommendation 12 - Encourage research on how to improve productivity of information researchers. Suggest projects to identify areas in which information can be most helpful in improving productivity, especially for industry.

Recommendation 13 - Identify new areas where parallel research in US/UK is desirable and feasible. Compile case studies of the successful application of information research results in both countries. A conference of policy-makers, funders, and researchers in this and related fields could explore opportunities for parallel research, including the sharing of research methodologies. The conference should focus on a transfer of research into actions (or development). Also consider possible programs for the exchange of information researchers.

Recommendation 14 - Urge that methods be found to integrate information activities, research, and products into planning and research at a national level.

A copy of the report from the meeting is attached.

U.S. NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE, THE BRITISH LIBRARY, AND THE INSTITUTE FOR RESEARCH ON PUBLIC POLICY (CANADA)

CONFERENCE ON THE ROLE OF INFORMATION IN THE ECONOMY

May 26-28 1986, MIT Endicott House Conference Center

RAPPORTEUR'S SUMMARY

William Paisley

This conference was a forum for current information and informed views on the relationship between the growth of the information sector and the growth of national economies as a whole. Presentations from Canada, Great Britain, and the United States provided a foundation for discussion not only of national differences but also of trends in the growth of the information sector over a quarter century, since the publication of Fritz Machlup's seminal work, "The Production and Distribution of Knowledge in the United States" (1962).

This brief and impressionistic summary focuses on themes that arose in presentations and discussions. The themes are grouped in four categories:

A. What forces seemed to shape the presentations and discussions of this conference?

B. What did we hear?

C. What didn't we hear that we would have heard ten years ago?

D. What was said that should be considered for the agenda of the next meeting?

A. WHAT FORCES SEEMED TO SHAPE THE PRESENTATIONS AND DISCUSSIONS?

1. NATIONAL DIFFERENCES. The three governments are all committed to a strong private information sector, but each intervenes in private information markets through policies and programs that have different authorizations and objectives. The roles of the three governments differ with respect to primary and secondary information services (particularly for science, technology, and government affairs); end-user service by national libraries or other national agencies; governmental publishing and telecommunication operations; development of national videotex systems, etc.

Further national differences arise in areas such as taxation and investment regulation as they affect the information sector, subsidy of information-generating activities and centers (e.g., universities, research institutes), etc.

2. SECTORAL REPRESENTATION. Participants represented four major groups of stakeholders: public information producers, public information distributors, private information producers, and private information distributors. There were also participants with responsibilities in related fields such as research, policy analysis, coordination, etc. The special concerns of each group surfaced in discussions of public versus private roles in managing the flow of information.

3. CONCEPTUAL PROGRESS. Contributions of researchers and practitioners have changed the concepts that frame our thoughts about the information sector. A "neo-Machlupian" theory of the relationship between information and economic growth is emerging, in which the impact of the information sector does not rest as strongly as before on the size of the information workforce. The growth (or rather lack of growth) of the information workforce was discussed by Rubin at this conference.

Conceptual progress was also evident in remarks about the "balancing act" (Marchand) among the competing goals of information service, such as efficiency and equity.

4. QUESTIONS RAISED BY PROGRAMS. Programs to provide information to groups with special needs have raised more questions than they have answered. We are less certain now than we were a decade ago about the best strategies to promote public knowledge and information equity. Programs to reach the "information poor" have been particularly unsuccessful. Experiments have focused on the content of the information as well as the delivery system. It is now conventional wisdom in the field to say that information programs must succeed by "pull" rather than by "push" (that is, by the self-interest of the receiver rather than the sender).

Among today's "information poor" are those who are unemployed because of the decline of heavy industry in the three countries.

Informing and training the technologically unemployed have proved to be difficult problems.

5. LESSONS TAUGHT BY EXPERIENCE. The "tree-fruit" analogy was used in the conference to describe complementary roles that have developed between public information producers and private information distributors. Government conducts information gathering and analysis activities. Publishers, associations, and other private organizations draw upon the resulting databases. They develop products from the databases, adding value through selection and enhancement, and sell the products to scores of "niche markets" (Zurkowski).

WHAT DID WE HEAR?

1. THERE ARE SUCCESSES IN PUBLIC AND PRIVATE INFORMATION ACTIVITIES. More information of all kinds reaches target populations and markets than before. The perceived value of information grows, and national investment in information grows with it. Innovative programs and products are plentiful.

The potential for vigorous expansion in information markets is exemplified by the experience of many online services. There is no evidence that this growth occurred at the expense of print publications. Much of the future growth of stand-alone (e.g., optical disk) information systems will probably occur in expansion markets as well.

There are other examples of creative solutions to problems of information service. A state librarian (Strong) and a local librarian (Dowlin) described programs that promote literacy and provide electronic public access to the library's holdings, even from the patrons' homes.

2. THERE ARE FAILURES, TOO. Even free services from some public information programs have not been well received. The "information poor" benefit less from such programs than the "information rich", and the knowledge gap widens.

The failure of videotex markets to repay public and private investment and their corollary failure to support a diversity of applications has dampened enthusiasm for other telecommunications ventures.

The role of information in human development and capital formation focused conference participants' attention on the failures of education and training programs. New industries in the three countries require higher levels of knowledge among workers (and "learning to learn" or ability to process information and perceive relevance for oneself). However, national assessments of learning show declining rather than increasing competence.

3. PRIVATIZATION OF INFORMATION SYSTEMS AND SERVICES IS PROGRESSING RAPIDLY, WITH POSITIVE AND NEGATIVE EFFECTS. The private information sector has made more information products available than before, and products are often well adapted to "niche markets" that information entrepreneurs have worked hard to develop, but perhaps less information is freely available than before. For example, as libraries adopt electronic access to scientific, professional, and business information, more of the total information in libraries has a price tag attached.

In another context, privatization of human expertise is occurring in research and higher education. Increasingly, faculty research is kept secret to protect its commercial value.

In balance, however, and with an acknowledged need to protect public access to information, it was felt that privatization is an important step toward market-driven information systems and services.

C. WHAT DIDN'T WE HEAR THAT WE WOULD HAVE HEARD TEN YEARS AGO?

1. THE GROWTH OF INFORMATION IS OUT OF CONTROL. The information explosion never did outstrip our information management systems. The rate of growth actually slowed in many fields, while computer storage and retrieval brought a larger fraction of the total information under powerful control.

2. THE NEXT TECHNOLOGY TO COME ALONG WILL SOLVE PROBLEMS OF INFORMATION COST, AVAILABILITY, AND USE. Many of the predicted benefits of previous information technologies did not transpire. Problems of information cost are intransigent when the added value is human intelligence, as in the case of information analysis. Some technologies actually reduce availability through the commoditization of information. Use of information by the information poor, always expected to increase as "friendlier" technologies become available, has not in fact increased despite prodigious efforts on the part of public agencies and public-interest organizations.

3. PUBLIC INFORMATION PROGRAMS BASED ON NEW CONCEPTS SUCH AS SOCIAL MARKETING WILL SOLVE THE PROBLEMS ETC. Public-sector information distribution programs have not performed significantly better with new concepts than with older ones. All such efforts are based on a "push" model of supply rather than a "pull" model of demand. In many areas of public concern, information is now so generally available that little can be added to the supply side of the equation.

4. NEW REGULATIONS OR COORDINATION MECHANISMS ARE NEEDED. Two decades ago in the U.S., the COSATI guidelines assigned most types of technical information to various federal agencies as the "capping agencies" which would coordinate all phases of information management, while actual information processes would be carried out by public or private "responsible agents". This effort at coordination was useful to the extent that it clarified public and private roles in particular fields of information, but it did little to prevent overlap and underlap in coverage.

Both public and private information sectors change rapidly in response to opportunities and constraints that are external to the coordination process. Public-sector involvement in any information field is politically determined, and many programs have expanded and contracted dramatically in a few years. The private sector responds to market forces and also to technological opportunities, often changing its level of involvement just as dramatically. Furthermore, the private sector consists of hundreds of corporate actors, large and small, who certainly don't coordinate their activities with each other.

5. GROWTH OF THE INFORMATION SECTOR WILL CONTINUE AT RATES PROJECTED BY MACHLUP, BELL, ETC. The information industries have proved to be no more immune than heavy industries to the effects of automation and other information-driven transformations of the workplace. The importance of the information sector can no longer be measured by the percentage of the workforce that it employs, because of the contrary trend in productivity per worker. One worker furnished with state-of-the-art information machinery can equal the productivity of two or more workers of a decade ago.

Nor can the importance of the information sector be measured by its contribution to the national accounts, since an increasing fraction of its activity occurs behind the scenes in other sectors, exemplified by production scheduling in factories, patient care in hospitals, etc.

D. WHAT WAS SAID THAT SHOULD BE CONSIDERED FOR THE NEXT AGENDA?

1. NOTWITHSTANDING A TENDENCY TO DOWNPLAY THE POTENTIAL OF CURRENT INFORMATION TECHNOLOGIES, IT WAS FELT THAT SOME FUTURE TECHNOLOGIES, ALREADY TO BE SEEN IN PROTOTYPE, WILL HAVE MAJOR IMPACTS ON THE INFORMATION SECTOR. Optical discs and desktop publishing systems were cited as examples of technologies that will cause displacements in the information sector. Neither optical discs nor desktop publishing systems have yet spread widely enough for their displacement effects to be felt, but the products and processes that they may affect account for a large amount of the revenues of the information sector.

2. THERE IS A GROWING TECHNOLOGICAL THREAT TO COPYRIGHT AND OTHER PROTECTIONS OF INTELLECTUAL PROPERTY. The encroachment on these protections that began with photocopying has taken a giant step farther with digital distribution of information. Most information now published is appropriable with the ease of an electronic transfer.

3. GIVEN THAT THE INFORMATION SECTOR WILL CONTINUE TO CAUSE DISLOCATIONS IN THE ECONOMY, SUCH AS TECHNOLOGICAL UNEMPLOYMENT, PROACTIVE RATHER THAN REACTIVE POLICIES TO DEAL WITH THESE DISLOCATIONS SHOULD BE EXPLORED. Such problems are now the focus of reactive policies, which tend to inhibit cause-effect analyses and forward planning.

4. ANALYSIS OF NATIONAL DIFFERENCES IN THE ROLE OF THE INFORMATION SECTOR SHOULD BE CONTINUED AND SHOULD BE BROADENED TO INCLUDE COUNTRIES SUCH AS JAPAN, FRANCE, SWEDEN, AUSTRALIA. In each country, different prerogatives associated with government and business have created a unique comparative experiment in which some initiatives succeed while others fail.

5. AN EXPLICIT HISTORICAL VIEW. Each decade or even half-decade of development in information systems and services since the Second World War has brought new sets of factors -- political, economic, social, and technological -- into play. More of the relevant lessons learned from these periods should be viewed as important context for the current deliberations.

(I intend to add to this summary from my notes of points that escaped the classification above. Your feedback will be taken into account. Thanks. WP)

Mr. Weicker: How do you plan to implement these recommendations?

Miss Hashim: Recommendations one and two have been implemented as part of the papers prepared for the Commission's May 26-28, 1986 conference on the Role of Information in the Economy. A report on the conference is attached.

Recommendations 3 and 4 - The Commission has worked with library and information associations to promote an appropriate image of the profession and to improve recruitment into the profession. Through the work of its Roundtable on Industry Support for Education of Library and Information Professionals, the most effective mechanisms for recruitment have been identified. A session at the annual conference of the Association for Library and Information Science Education reporting on this work was received so enthusiastically that a follow-up session is planned for January 1987.

Recommendation 5 - The Commission's program on information skills has been effective in calling attention to the need for including the skills of finding and using information effectively in curricula. The publication of the concept paper and responses to it described above will also help promote these skills.

Recommendation 6 - A survey of models is currently underway by the U.S. Department of Education. Also, the identification and recognition of exemplary programs for information skills is included in the Commission's proposed FY 1987 program. A statement concerning the importance of these skills was adopted unanimously and widely disseminated by NCLIS in FY 85.

Recommendation 7 - This proposal which was targeted to the United Kingdom is being explored in the United Kingdom and the results of their investigation are expected later in 1986.

Recommendation 8 - The United Kingdom has established a working group which will report in the fall of 1986. The Continuing Library Education Network Exchange (established in large part through the efforts of NCLIS), the library and information associations, and the graduate programs in library and information services provide extensive continuing education programs. Many of them review their objectives periodically. The Commission continues to monitor continuing education activities.

Recommendation 9 - Funding for research and development in the library/information science field under the NSF Division of Information Science and Technology has increased in the last fiscal year. The Commission continues to encourage interdisciplinary involvement in conducting research and in providing funds from both the public and private sectors. This has been demonstrated through the NCLIS fee and censorship studies and in the funding we have received for research projects from the public and private sectors.

Recommendation 10 - Followup on the King study on competencies has been completed and was presented at the trilateral meeting on The Role of Information In the Economy, May 26-28, 1986.

Recommendation 11 - Dunn and Bradstreet has agreed to explore supporting the establishment of an information analysis center as part of the discussion during the trilateral meetings in May and October 1986.

Recommendation 12 - In FY 1986 the Commission published two reports on improving productivity of knowledge workers, including information researchers. In its program for FY 1987 NCLIS plans to complete a summary of ways to improve the productivity of government workers. In addition the trilateral meetings are expected to produce additional areas in which information can be most helpful in improving productivity.

Recommendation 13 - The proposed fall 1986 and spring 1987 trilateral meeting will focus on new areas where parallel research among the United States, United Kindgdom, and Canada is desirable and feasible, particularly those research areas related to defining the structure and taxonomy of information and to creativity and the protection of intellectual property.

Recommendation 14 - The May 1986 meeting of senior representatives from the government, the private sector, academia, and the library/information community provided an important first step by bringing together decision makers to focus on the role of information in the economy. The papers and the report of discussions at the meeting should provide a useful planning document.

Non-Federal Funding

Mr. Weicker: What funds or in-kind support have you received from private contributions during last year?

Miss Hashim: FY 1985 was an exceptional year for the Commission in that we obtained over $850,000 in computer hardware, software, database access, publications, in-kind services such as donated time of senior level experts, and other resources from the private sector. Most of these resources supported the development of the NCLIS Information Center which was the center of the exhibits area at the annual conference of the International Federation of Library Associations and Institutions (IFLA) held in Chicago in August 1985. The value of private sector contributions in in-kind services to the Commission has varied over the years, but is usually in the range of $50,000-$100,000 per year.

Mr. Weicker: How does that compare as a percentage of your total budget?

Miss Hashim: The FY 1985 in-kind support equalled 118% of our appropriated funds. Usually in-kind support ranges from 10% to 15% of our appropriated funds.

Mr. Weicker: In your opinion, could the Commission survive on private contributions alone?

Miss Hashim: No. In order for the Commission to continue to provide objective unbiased advice and assistance to Congress and the President, it must continue to derive support for its basic programs from the taxpayers.

Accomplishments

Mr. Weicker: What do you expect your accomplishments for FY 1986 will be?

Miss Hashim: In our Access to Information Program, the Commission:

Prepared a concept paper on the development of skills in finding and using information effectively; and intensified efforts with the Center for Statistics, the Bureau of the Census, and the library/information community to identify data needed and improve the dissemination of the data.

In the Improving Library and Information Services to Meet Changing Needs Program, the Commission began an analysis of the availability of information for governance at the local level and the role of the library in providing that information; encouraged the inclusion of libraries of all types in the celebration of the bicentennial of the Constitution; and began a preliminary analysis of recommendations on user needs from prior NCLIS studies.

In the Information Technology and Productivity Program, the Commission implemented information-related recommendations from the White House Conference on Productivity; implemented the recommendations from the first U.S./U.K. meeting on Information and Productivity; and planned and conducted a second information conference with representatives from the U.S., U.K., and Canada.

In the Policy, Planning and Advice area, the Commission has advised OMB on the management of federal information resources; joined OMB and JCP in discussions on guidelines for dissemination of federal information (now in draft form); initiated planning for a 1989 White House Conference on Library and Information Services; developed proposals for support of U.S. participation in international Library and Information programs that were funded by the State Department; developed seminars to advise the Administration and the Congress on policy and planning in the library and information services arena; and completed a study of the extent of censorship in public and school libraries over the past ten years.

Mr. Weicker: What projects will the Commission be pursuing for FY 1987?

Miss Hashim: In our Access to Information Program, the Commission hopes to establish a nationwide recognition program of outstanding information skills development projects, examine the implications of these projects for teachers and library education, and continue to work with federal agencies to improve statistical data collection and the timely dissemination of findings to the library and information community.

In the Improving Library and Information Services to Meet Changing Needs Program, the Commission plans to identify and promote exemplary partnerships between libraries and local governments, continue to encourage more cost effective flow of information from the federal government for local use in decision-making, continue to encourage inclusion of libraries of all types in the celebration of the bicentennial of the Consitution, synthesize information on user needs, and work with the library/information community to identify and meet top priorities.

In the Information Technology and Productivity Program, the Commission will plan and conduct a third trilateral meeting on the role of information in the economy; and prepare a report on how the effective use of information can improve the productivity of government knowledge workers.

In the Policy, Planning, and Advice area, the Commission will encourage the Administration and Congress to focus on major information policy issues, continue to work to improve the dissemination of government information, and continue to advise the Administration and the Congress on policy and planning in the library and information services arenas.

Mr. Weicker: The Commission's budget proposes an $8,000, or 15 percent increase, from $52,000 to $60,000 for building rent. What is the basis for this increase in rent changes?

Miss Hashim: The General Services Administration has increased its rent in the GSA/ROB building from $16 per square foot in FY 1986 to $19 per square foot in FY 1987.

Information Technology

Mr. Weicker: How is the National Commission on Libraries and Information Science investigating and informing libraries about the possible uses of new forms of information technology, such as laser disk storage media?

Miss Hashim: The Commission issued a series of papers on some of its programs as a special "Perspectives" section of the Journal of the American Society for Information Science. One of these papers "Information and Productivity" describes how the use of information technology can improve productivity. In addition the Bowker Annual of Library and Book Trade Information includes an article by NCLIS staff on "Information and Productivity: Implications for the Library/Information Community," which provides similar information. Together, these two publications reach a large segment of the library/information community.

Because the major library and information associations and a wide range of publications are dedicated to informing libraries about possible uses of new forms of technology, the Commission has not seen a need to duplicate these extensive efforts.

Mr. Weicker: Is the Commission helping libraries to evaluate especially the cost-effectiveness of such technology?

Miss Hashim: The Commission has not been involved in helping libraries to evaluate the cost-effectiveness of technology because the associations, such as the Library and Information Technology Association Division of the American Library Association, the Special Libraries Association, the American Society for Information Science and others conduct workshops and issue publications on this topic. We feel this need is being met very effectively by the professional trade associations. With its very limited resources, NCLIS avoids duplicating work of the library/information community and the private sector so we can concentrate our efforts on providing the policy and planning advice for the Legislative and Executive branches as mandated by our law.

U.S. INSTITUTE OF PEACE

STATEMENT OF JOHN NORTON MOORE, CHAIRMAN OF THE BOARD ACCOMPANIED BY ROBERT F. TURNER, PRESIDENT

INTRODUCTION OF ASSOCIATE

Senator WEICKER. Last we will hear from the U.S. Institute of Peace, represented by John Norton Moore, an old friend who is the Chairman of the Board of Directors. This is your first appearance before the committee, John. I welcome you and you probably want to introduce those that accompany you.

I might inquire as to how Barbara is?

Mr. MOORE. Barbara is fine. There is a new addition to the Moore family, Elizabeth Moore.

Senator WEICKER. When are you going to put a scuba tank on her?

Mr. MOORE. We have already taken her.

Senator WEICKER. Go right ahead.

Mr. MOORE. Thank you very much. I am accompanied by Robert F. Turner, who is the President of the U.S. Institute of Peace. Before I shift to some informal comments on behalf of the Institute of Peace, I would like to place our prepared remarks in the record with your permission, Senator, and save your time and just summarize things rather informally.

Before I do that, I wonder if I might be permitted one or two congratulatory notes here that are quite outside the purview of the work of the Institute of Peace. One of those, obviously, is to thank you for your strong support for my own confirmation in this job. I appreciated it greatly.

RATIFICATION OF GENOCIDE CONVENTION

The second is to congratulate Senator Proxmire and all of you who worked so hard for the approval of the Genocide Convention. That is, it seems to me, an enormous achievement. I think he might be interested in knowing that, as President of the Conflict Analysis Center, the person who worked with me in preparing a set of materials in strong support of the ratification of the Genocide Convention was Charles Smith.

We have hired him as the first attorney adviser of the U.S. Institute of Peace. He prepared the public pamphlet that was widely distributed in more than 15,000 copies in support of ratification of the Genocide Convention.

I might also add, by another one of those strange quirks of fate, that one of those who worked particularly close with us on the campaign in the Conflict Analysis Center, which was our principal issue, was Robert F. Turner, who was then the principal Deputy Assistant Secretary of State for Legislative Affairs, who worked very strongly from within the administration to seek support and passage of that. My note of congratulations is due to you, Senator, for success after so many years of a very worthwhile effort.

IMPORTANCE OF PEACE INSTITUTE

If I could return to just some very informal discussion, I would like to say a couple of words about the importance of the U.S. Institute of Peace; second, a little bit about the extraordinary reception that the Institute has received in its work to date; and then very briefly to hit on some of the budget issues that are immediately before you.

The Institute of Peace is a new and exciting national institute meant to be independent, to put the resources of this Nation at the service of an enhanced understanding of peace processes, and obviously to try to make the greatest contribution that we as a Nation can make to peace in the world.

The Institute is, it seems to me, in the greatest American tradition. It is a very important initiative. As Chairman, I have accepted the job of serving to provide leadership on this Board because I believe it is a uniquely important institution and that everything possible should be done to make it a great success. I personally am very excited about the prospects. I would like nothing better than to see the Institute become an inspiration for all nations in the world, seeking to copy what I hope will be the very successful and long-tenured history of this institution that hopefully will make it, in coming years, a national treasure.

ACCLAIM FOR PEACE INSTITUTE

The second point is the extraordinary reception we have had so far. We are brand new, as you know. Our Board, the first Board of the Institute, was sworn in on February 25. So we have been in existence officially and functioning for 8 weeks at this point.

While I can't talk about the politics that lead up to the U.S. Institute of Peace—I am not familiar with that—I can tell you that there has been an absolutely extraordinary outpouring of support for the U.S. Institute of Peace internationally and nationally, on a bipartisan basis from the executive branch and from Congress.

We met with and were sworn in as a board by the Chief Justice of the Supreme Court. We subsequently met with the President of the United States. We met with the Secretary of State; we met with a whole variety of congressional sponsors at our first meeting—from the House and the Senate—and we were also made aware of a telegram sent from the Secretary General of the United Nations to the Secretary of State congratulating the United States on the creation of the Institute of Peace.

We have also had letters from literally all over the country in strong support of the creation of the Institute.

STARTUP OF PEACE INSTITUTE

I might add, as well, that in this 8-week period, my own sense is that we have gotten off to a very fine beginning; certainly, we are working as hard as we can as a Board.

In that creative time, we have established a series of major committees of the Board of Directors to basically do the work of the Institute, and at least one-half of those committees have held one committee meeting, and as of next week, when we hold our third meeting of the Board of Directors, all of the committees will have held at least one meeting.

We have moved into our temporary facilities at 730 Jackson Place, one of those beautiful townhouses over there. We were very pleased that the White House saw fit to make available as a transition, at least, one of these facilities for the Institute of Peace as it looks for more permanent housing.

We have hired some of our initial staff at this point, Robert F. Turner, who is, I indicated, formerly the principal Deputy Assistant Secretary of State for Congressional Relations—or for Legislative Affairs, I suppose, as the newer title is.

We have also hired Charles Smith, who was the legal adviser in and one of the principal advisors to the Matsunaga Commission, who brings to us a unique historical background in the creation of this Institute and the drafting of the legislation.

There are many other things on the organizational side, but I won't take your time on that. I simply, on this second point, wanted to emphasize the extraordinary support nationally for this new institution. I sense genuine excitement and very strong support across the political spectrum and regardless of any particular ideology.

BUDGET

The last point, Mr. Chairman, is just briefly to touch on the budget figures. The Board of Directors is sufficiently new and obviously in an organizational phase, so that it would not have been meaningful for the Board at this stage to have made any recommendations to you on budget figures. You rightly have high standards in terms of the kinds of careful and detailed proposals that should be made by national institutes. Mindful of that, and being in our organizational phase, we could not meaningfully tell you precisely what our program is going to be and what it is going to cost.

The Board has not taken a position on any specific funding. Let me just tell you, however, what several funding provisions are that will be before this committee. One of those is that the administration has, for fiscal year 1987, I believe, made a recommendation of $1.25 million.

That is premised on our carrying over at least $2 million into our endowment so that it would be a level of expenditures of approximately

$3.25 million. That is consistent with what they are also recommending in a budget going out about 5 years, with roughly a level start at $3.25 million in fiscal year 1987 and increasing with an inflation factor for the next 4 years of that 5-year period.

My understanding is that there will be shortly introduced in both Houses of Congress an authorization bill that will have a level of $6 million for fiscal year 1987 in both cases, and I am told, indeed, as one looks at the earlier legislation of the U.S. Institute of Peace, the initial authorization level by Congress for the first 2 years of operation of the Institute were $6 million authorization in the first year and $10 million authorization in the second year.

In reality, only $4 million was appropriated because it was felt that we would get going at a point where we would really only be operating for part of the year, so not all of the $6 million figure was appropriated at that point.

I should emphasize that the bills that will be introduced are bills to be put in by individual Members of Congress. They are not an administration position. The administration position is, of course, the $1.25 million using an assumption, really, of a level of expenditures of roughly $3.25 million.

Let me just say on this issue, while I clearly cannot, and on this point as to what I will say from here on out, I am not speaking on behalf of the Board, because the Board simply has not, and I think, rightfully so, at this point taken any specific position on the specific figures before you, I can say in my independent capacity as Chairman, and as an individual member of the Board, it is my judgment that the higher figures would contribute to the success of the U.S. Institute of Peace as we seek to get started in a very dynamic and very constructive mode.

ENDOWMENT AND CAREFUL SPENDING

I would also point out in that connection that we have a rather unique institution here in that we have an endowment. We are able to take funds that have not been expended in a particular fiscal year and to roll those funds over into the future. Congress, then, in setting levels for the future, can take account of what has been rolled over into the endowment. So we are under no pressure at the end of a fiscal year to simply have an orgy of spending and to seek to pour out funds in order to protect some budget level.

One thing I have been impressed with in this regard, is that we have a board composed of individuals who also understand that they are taxpayers as well as Board members. So I can assure you that there is going to be no effort simply to pour money out because we have the money available, and that there will be an extraordinarily careful examination of proposals that are made to us. But we do anticipate that there will be a very broad range of high quality proposals that are likely to be made to the Institute.

PREPARED STATEMENT

Mr. Chairman, that is a very brief sketch of where we are.

[The statement follows:]

STATEMENT OF JOHN NORTON MOORE

Mr. Chairman and Members of the Subcommittee. It is an honor and a pleasure to appear before you in my capacity as Chairman of the Board of Directors of the United States Institute of Peace. This is an historic occasion--the first opportunity for the Institute to testify before Congress since the Board of Directors was sworn in by Chief Justice Burger on February 26. I am accompanied by Robert F. Turner, the Institute's first President.

Background

As most of you know, the Institute of Peace was established by the United States Institute of Peace Act[1] on October 19, 1984. It is governed by a fifteen-member Board of Directors,[2] and--in the language of our enabling statute--is intended to be:

> **. . . an independent, nonprofit, national institute to serve the people and the Government through the widest possible range of education and training, basic and applied research opportunities, and peace information services on the means to promote international peace and the resolution of conflicts among the nations and peoples of the world without recourse to violence.[3]**

No function of the Federal Government is more important, more fundamental to the core responsibilities entrusted by the Founding Fathers to Congress and the President, than providing for the security of the nation by promoting and preserving peace. Few would doubt that this includes a substantial commitment to the defense establishment of our country, upon which we rely to deter aggression and to protect us if deterrence fails. But any efforts that we can devote to a better understanding of peace processes, the successes and failures of past peacekeeping efforts, and the most effective instruments for resolving international disputes by non-violent means, will in my view be money well spent. Few, if any, national priorities should be higher than ensuring that future generations of Americans will be able to enjoy their liberties and preserve our national values by peaceful means. Today every nation must recognize the imperative of an international order based on the rule of law and the fundamental principle embodied in the United Nations Charter prohibiting the "threat or use of force against the territorial integrity or political independence of any state . . . ."[4]

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[1] Title XVII of Pub. L. 98-525 (1984) (reprinted in Annex A).

[2] Four of these are *ex-officio* members: The Secretaries of State and Defense or their representatives, the Director of the Arms Control and Disarmament Agency or his representative, and the President or Vice President of the National Defense University. Nine of the eleven public members provided for in the statute were appointed by the President and confirmed by the Senate late last year, and a tenth is now awaiting Senate consideration.

[3] Pub. L. 98-525, § 1702(b).

[4] U.N. Charter, art. 2(4).

It is in my view particularly appropriate that America play a leading role in the promotion of world peace. Americans--reflecting their democratic heritage--have historically placed peace high on their list of national values, and American leaders over the decades have been leaders in working for peace. Americans participated actively in the Hague Peace Conferences of 1899 and 1907. Secretary of State William Jennings Bryan led the world to fact-finding and "cooling-off" treaties as a means of war avoidance. President Woodrow Wilson's vision became the League of Nations. Secretary of State Kellogg helped lead the world to the momentous Pact of Paris that, at least in legal terms, prohibited aggressive war as a modality of foreign policy. President Franklin Roosevelt--with the strong support of a bipartisan Congress--was instrumental in the creation of the United Nations. President Truman offered the Baruch Plan to harness the nuclear genie exclusively for peaceful purposes. President Kennedy established the Peace Corps and the Arms Control and Disarmament Agency, unique national institutions for promoting peace. The United States Institute of Peace, established with broad bipartisan support, is in this great American tradition.

In a very real sense, the Institute of Peace is an investment in America's future. The full impact of the scholarly research that takes place within the confines of our offices, and that which is funded at universities and research centers around the country under the provisions of our enabling legislation, may not be felt for several years. Indeed, I cannot with any certainty assure you that the money appropriated for the Peace Institute will prevent a single war or armed conflict. But believing strongly as I do that a better understanding of the causes of war, and reflection upon the successes and failures of past efforts at conflict resolution, will reduce the likelihood of at least some types of conflicts, I am persuaded that the Institute is a sound investment in the preservation of peace. My conviction in this regard is sufficiently strong to persuade me to devote a substantial amount of my own time and energies to this end, and in that commitment I am joined by an impressive group of board colleagues.

The Institute of Peace is still very much in its infancy. Less than two months have passed since the initial meeting of our Board of Directors. We are moving expeditiously to complete our organizational tasks and get on with the important responsibilities entrusted to us by Congress and the President. But, of necessity, many important issues have yet to be addressed--much less resolved.

Strong Support for the Institute

While much remains to be done, we are moving quickly. And I must share with you the tremendous reception we have already received from across the nation and around the world. This begins with the overwhelming and bipartisan support we have received from both houses of Congress,[5] several members of which joined us at our initial meeting for preliminary substantive discussions and to express their continued support. These included Senators Mark O. Hatfield, Spark M. Matsunaga, and Claiborne Pell, and Congressman Dan Glickman. We were particularly moved by the strong support offered as well by former Senator Jennings Randolph, who has kindly agreed to serve as a Senior Advisor to the Institute. I believe it was especially fitting that our first meeting took place within the halls of Congress, where the Institute was born.

Both President Reagan and Secretary of State Shultz took time from their schedules to meet with the Board and to wish us well on our second day of meetings. Secretary Shultz has already detailed one State Department employee to assist us in our work, and the White House has made available a beautiful and historic townhouse at 730 Jackson Place for a temporary headquarters while we search for a more permanent home. We moved in eight days ago, and within a matter of hours began receiving public visitors and well-wishers.

On the international level, too, the Institute's establishment has been warmly received. United Nations Secretary General Perez de Cuellar, in a cable to Secretary Shultz, called the establishment of the Institute "a highly important event" and noted the appropriateness of our getting underway during the U.N.'s International Year of Peace. Several prominent international organizations also have communicated their support for our establishment, and next week two of our board members will travel to Ireland to participate in an international conference under the auspices of the Irish Peace Institute.

Current Activities

In addition to our meetings with the President, the Secretary of State, the Chief Justice, and several congressional leaders, the Board has already committed itself to an active schedule of meetings to expedite our organization and the establishment and implementation of our initial programs. Our second two-day meeting for the month of April will begin next Tuesday, and I expect us to continue meeting approximately two days a month throughout the rest of the year.[6] We have organized the Board into six committees, and by the end of the month each committee will have held at least one meeting. These six committees, designed to track our legislative mandate, are:

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[5] We take pride in the fact that in 1984 our enabling legislation was cosponsored by a bipartisan group of more than 200 Members of the House and Senate.

- Education and Training
- Research and Studies
- Information Services
- Institutional Planning
- Organization and Administration
- Personnel

In order to get underway rapidly, we are hiring an interim staff of capable individuals on short term contracts while we conduct an energetic search to identify and bring on board a more permanent staff of the highest caliber. In the meantime, I am particularly pleased that we have secured the services of Robert F. Turner as President and Charles Duryea Smith as our Attorney Adviser. Bob Turner formerly served as Principal Deputy Assistant Secretary of State for Legislative and Intergovernmental Affairs and has had extensive governmental and academic experience on war/peace issues. He has generously agreed to serve for a period of one year to permit the Institute to get underway quickly while conducting a careful search for his successor. Charles Smith served as Special Assistant to Senator Matsunaga on the federal commission which recomended the establishment of a National Peace Academy, and he is the editor of ***The Hundred Percent Challenge: Building a National Institute of Peace***. He brings to our Institute an historical perspective and personal dedication that will be hard to match after even the most exhaustive search.

We are examining the possibility of promoting in the immediate future a national essay contest on topics pertaining to international peace and conflict resolution for high school and university students, and are moving forward to establish the very important Jennings Randolph Program for International Peace. Pursuant to the United States Institute of Peace Act, the Jennings Randolph Program for International Peace will involve the appointment "for periods of up to two years, [of] scholars and leaders in peace from the United States and abroad to pursue scholarly inquiry and other appropriate forms of communication on international peace and conflict resolution and, as appropriate, provide stipends, grants, fellowships, and other support to the leaders and scholars."[7]

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[6] Section 1706(h)(2) of our statute requires that the Board meet at least twice a year.

[7] Section 1705(b)(1).

Mr. Chairman, as I hope is apparent from what I have said, we are genuinely excited about the progress we are making. We are impressed with the magnitude of the task entrusted to us by the American people, and we are enthusiastic about the opportunity we have been afforded to make a meaningful contribution to the cause of international peace.

Current Budget

The Institute of Peace Act authorized appropriations of $6,000,000 for FY 1985, and $10,000,000 for the current fiscal year.[8] Although there was strong bipartisan support for the full appropriation, during the fiscal year 1985 appropriations process a decision was made on the Senate side to reduce the funding level to $4,000,000 for the first year on the assumption that the Institute would be operational for only part of the fiscal year. The statute specifically provided that "Monies appropriated for the fiscal year 1985 shall remain available to the Institute through the fiscal year 1986."[9] Because the Institute still had not been established a year later, no additional funds were appropriated for fiscal year 1986--although both appropriations committees expressed continued support for the program in report language.[10]

In the absence of guidance on projected levels of expenditure from the yet-to-be established Institute, the Administration submitted a proposed budget including $1,250,000 for the Peace Institute for FY 1987 (see Annex **B**). Although not reflected in the figures at Annex **B**, the Office of Management and Budget has informed me that this figure was premised in part on the assumption that about half of the $4,000,000 appropriated for FY 1986 would be carried over in our Endowment[11] and would be available for obligation in FY 1987. We also understand that authorization bills will be introduced soon by Members of Congress in both Houses providing for $6,000,000 for the Peace Institute for FY 1987.

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[8] Section 1710(b).

[9] Section 1710(a).

[10] House Rep. 99-289, 99th Cong., 1st Sess., 147 (Sept. 26, 1985) ("This bill includes no further funding for the Institute [of Peace] in 1986. The $4,000,000 appropriated in 1985 will by law carry over into 1986. No funds have yet been obligated as the President has not yet appointed the Board of Directors of the Institute. The Committee fully expects that a Board of Directors will be appointed in the near future and the funds fully obligated."). *See also*, Senate Rep. 99-151, 99th Cong., 1st Sess., 200 (Oct. 4, 1985) (". . . [T]he Committee believes that additional funding for the Institute [of Peace] is unnecessary at this time. It is the Committee's intent, however, that the Institute will be fully supported with whatever funds are necessary to carry out its powers and duties. The Committee will consider additional funding for the Institute as may be necessary in the near future.").

[11] Section 1704(c) of the Act provides in part that "the Institute may establish . . . a legal entity which is capable of receiving, holding, and investing public funds for purposes in furtherance of the Institute under this title. The Institute may designate such legal entity as the "Endowment of the United States Institute for [sic] Peace." Section 1710(b) provides that "[t]he Board of Directors may transfer to the legal entity authorized to be established under section 1704(c) any funds not obligated or expended from appropriations to the Institute for a fiscal year, and such funds shall remain available for obligation or expenditure for the purposes of such legal entity without regard to fiscal year limitations. Any use by such legal entity of appropriated funds shall be reported to each House of the Congress and to the President of the United States."

Until the Board has completed its organizational phase and has made some fundamental program decisions, as much as I would like to, I am simply not able to provide you with detailed and specific budget figures. Indeed, to do so at this preliminary phase could not be premised on the care and precision this Committee rightfully expects in such submissions, and would, I believe, not be fair to the important mandate of the Institute. Although at this early stage of our organizational work we are not able to provide you with meaningful specific budget figures, the Board is deeply impressed with the magnitude of the task before the Institute.

A preliminary review of some of the OMB figures at Annex **B** suggests that at least *some* of our requirements, however, will be greater than projected. For example, we are told that the projections for travel and transportation were premised upon the Board meeting about six days a year. We will have achieved that figure by next week--after only two months of operation. More importantly, the statute envisions our playing an active role in educating Americans and working with international experts in this important area. Even before our first meeting, we had received scores of invitations for speakers from around the country. Such activities could be curtailed significantly if we are limited by the OMB budget allocations. Other costs, as well, could vary dramatically depending upon the direction the Board chooses to go on various initial program options.

The "Pass Through" Requirement and the Endowment

Section 1705(c) of the Institute of Peace Act requires that "at least one-fourth of the Institute's annual appropriations shall be paid to . . . nonprofit and official public institutions." Section 1710(b) provides that "any funds not obligated or expended from appropriations to the Institute for a fiscal year" may be transferred to the Endowment of the Institute[12] and "such funds shall remain available for obligation or expenditure . . . without regard to fiscal year limitations." It is my initial reading of these provisions that, while one-quarter of our funds appropriated each year must eventually be passed through to such public institutions, if during a particular fiscal year we do not obligate the full sum appropriated, we are not required to pass through 25% of the total appropriation during that year. Since this issue is likely to arise during our start up phase, I thought it wise to bring it to your attention now and to seek any clarification or guidance you might wish to provide in the event I have misunderstood the legislative intent. My expectation is that we will find ourselves confronted with far more proposals worthy of public support in this field than our resources will permit us to fund. Indeed, I anticipate that substantially more than one-quarter of our funds--particularly during our formative years--will be devoted to external research and grant programs such as those envisioned by section 1705.

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[12] *See supra*, note 11.

Mr. Chairman, this completes my statement. If you have any questions, we will be pleased to try to answer them.

BIOGRAPHY OF JOHN NORTON MOORE

John Norton Moore is Walter L. Brown Professor of Law at the University of Virginia School of Law and has been actively involved in public service. From 1973 to 1976, he was Chairman of the National Security Council Interagency Task Force on the Law of the Sea and Deputy Special Representative of the President to the Third United Nations Conference on the Law of the Sea with rank of Ambassador. He has also been Counselor on International Law to the Department of State and has served as a member of the United States Delegations to the U.N. General Assembly and the Conference on Security and Cooperation in Europe. He is the author of several books and numerous articles in professional journals.

BIOGRAPHY OF ROBERT F. TURNER

Robert F. Turner left the Army as a Captain in 1971, after service in Vietnam. He worked for five years as principal national security legislative assistant to a member of the Senate Committee on Foreign Relations and has served in various positions in the Executive branch--including Counsel to the President's Intelligence Oversight Board at the White House and Principal Deputy Assistant Secretary of State for Legislative and Intergovernmental Affairs. He was a Research Associate and Public Affairs Fellow at the Hoover Institution on War, Revolution and Peace at Stanford University and Associate Director and a Senior Fellow at the Center for Law and National Security at the University of Virginia School of Law. He is the author of several books and monographs and is serving his third term as Chairman of the Committee on Executive-Congressional Relations of the American Bar Association's Section of International Law and Practice.

Annex A

UNITED STATES INSTITUTE OF PEACE ACT (Pub. L. 98-525)

TITLE XVII—UNITED STATES INSTITUTE OF PEACE

SHORT TITLE

SEC. 1701. This title may be cited as the "United States Institute of Peace Act".

DECLARATION OF FINDINGS AND PURPOSES

SEC. 1702. (a) The Congress finds and declares that—

(1) a living institution embodying the heritage, ideals, and concerns of the American people for peace would be a significant response to the deep public need for the Nation to develop fully a range of effective options, in addition to armed capacity, that can leash international violence and manage international conflict;

(2) people throughout the world are fearful of nuclear war, are divided by war and threats of war, are experiencing social and cultural hostilities from rapid international change and real and perceived conflicts over interests, and are diverted from peace by the lack of problem-solving skills for dealing with such conflicts;

(3) many potentially destructive conflicts among nations and peoples have been resolved constructively and with cost efficiency at the international, national, and community levels through proper use of such techniques as negotiation, conciliation, mediation, and arbitration;

(4) there is a national need to examine the disciplines in the social, behavioral, and physical sciences and the arts and humanities with regard to the history, nature, elements, and future of peace processes, and to bring together and develop new and tested techniques to promote peaceful economic, political, social, and cultural relations in the world;

(5) existing institutions providing programs in international affairs, diplomacy, conflict resolution, and peace studies are essential to further development of techniques to promote peaceful resolution of international conflict, and the peacemaking activities of people in such institutions, government, private enterprise, and voluntary associations can be strengthened by a national institution devoted to international peace research, education and training, and information services;

(6) there is a need for Federal leadership to expand and support the existing international peace and conflict resolution efforts of the Nation and to develop new comprehensive peace education and training programs, basic and applied research projects, and programs providing peace information;

(7) the Commission on Proposals for the National Academy of Peace and Conflict Resolution, created by the Education Amendments of 1978, recommended establishing an academy as a highly desirable investment to further the Nation's interest in promoting international peace;

(8) an institute strengthening and symbolizing the fruitful relation between the world of learning and the world of public affairs, would be the most efficient and immediate means for the Nation to enlarge its capacity to promote the peaceful resolution of international conflicts; and

(9) the establishment of such an institute is an appropriate investment by the people of this Nation to advance the history, science, art, and practice of international peace and the resolution of conflicts among nations without the use of violence.

(b) It is the purpose of this title to establish an independent, nonprofit, national institute to serve the people and the Government through the widest possible range of education and training, basic and applied research opportunities, and peace information services on the means to promote international peace and the resolution of conflicts among the nations and peoples of the world without recourse to violence.

DEFINITIONS

SEC. 1703. As used in this title, the term—

(1) "Institute" means the United States Institute of Peace established by this title; and

(2) "Board" means the Board of Directors of the Institute.

ESTABLISHMENT OF THE INSTITUTE

SEC. 1704. (a) There is hereby established the United States Institute of Peace.

(b) The Institute is an independent nonprofit corporation and an organization described in section 170(c)(2)(B) of the Internal Revenue Code of 1954. The Institute does not have the power to issue any shares of stock or to declare or pay any dividends.

(c) As determined by the Board, the Institute may establish, under the laws of the District of Columbia, a legal entity which is capable of receiving, holding, and investing public funds for purposes in furtherance of the Institute under this title. The Institute may designate such legal entity as the "Endowment of the United States Institute for Peace".

(d) The Institute is liable for the acts of its directors, officers, employees, and agents when acting within the scope of their authority.

(e)(1) The Institute has the sole and exclusive right to use and to allow or refuse others the use of the terms "United States Institute of Peace", "Jennings Randolph Program for International Peace", and "Endowment of the United States Institute of Peace" and the use of any official United States Institute of Peace emblem, badge, seal, and other mark of recognition or any colorable simulation thereof. No powers or privileges hereby granted shall interfere or conflict with established or vested rights secured as of September 1, 1981.

(2) Notwithstanding any other provision of this title, the Institute may use "United States" or "U.S." or any other reference to the United States Government or Nation in its title or in its corporate seal, emblem, badge, or other mark of recognition or colorable simulation thereof in any fiscal year only if there is an authorization of appropriations for the Institute for such fiscal year provided by law.

POWERS AND DUTIES

SEC. 1705. (a) The Institute may exercise the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act consistent with this title, except for section 5(o) of the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29-1005(o)).

(b) The Institute, acting through the Board, may—

(1) establish a Jennings Randolph Program for International Peace and appoint, for periods up to two years, scholars and leaders in peace from the United States and abroad to pursue scholarly inquiry and other appropriate forms of communication on international peace and conflict resolution and, as appropriate, provide stipends, grants, fellowships, and other support to the leaders and scholars;

(2) enter into formal and informal relationships with other institutions, public and private, for purposes not inconsistent with this title;

(3) conduct research and make studies, particularly of an interdisciplinary or of a multidisciplinary nature, into the causes of war and other international conflicts and the elements of peace among the nations and peoples of the world, including peace theories, methods, techniques, programs, and systems, and into the experiences of the United States and other nations in resolving conflicts with justice and dignity and without violence as they pertain to the advancement of international peace and conflict resolution, placing particular emphasis on realistic approaches to past successes and failures in the quest for peace and arms control and utilizing to the maximum extent possible United States Government documents and classified materials from the Department of State, the Department of Defense, the Arms Control and Disarmament Agency, and the intelligence community;

(4) develop programs to make international peace and conflict resolution research, education, and training more available and useful to persons in government, private enterprise, and voluntary associations, including the creation of handbooks and other practical materials;

(5) provide, promote, and support peace education and research programs at graduate and postgraduate levels;

(6) conduct training, symposia, and continuing education programs for practitioners, policymakers, policy implementers, and citizens and noncitizens directed to developing their skills in international peace and conflict resolution;

(7) develop, for publication or other public communication, and disseminate, the carefully selected products of the Institute;

(8) establish a clearinghouse and other means for disseminating information, including classified information that is properly safeguarded, from the field of peace learning to the public and to government personnel with appropriate security clearances;

(9) recommend to the Congress the establishment of a United States Medal of Peace to be awarded under such procedures as the Congress may determine, except that no person associated with the Institute may receive the United States Medal of Peace; and

(10) secure directly, upon request of the president of the Institute to the head of any Federal department or agency and in accordance with section 552 of title 5, United States Code (relating to freedom of information), information necessary to enable the Institute to carry out the purposes of this title if such release of the information would not unduly interfere with the proper functioning of a department or agency, including classified information if the Institute staff and members of the Board who have access to such classified information obtain appropriate security clearances from the Department of Defense and the Department of State.

(c) The Institute may undertake extension and outreach activities under this title by making grants and entering into contracts with institutions of postsecondary, community, secondary, and elementary education (including combinations of such institutions), with public and private educational, training, or research institutions (including the American Federation of Labor-the Congress of Industrial Organizations) and libraries, and with public departments and agencies (including State and territorial departments of education and of commerce). No grant may be made to an institution unless it is a nonprofit or official public institution, and at least one-fourth of the Institute's annual appropriations shall be paid to such nonprofit and official public institutions. A grant or contract may be made to—

(1) initiate, strengthen, and support basic and applied research on international peace and conflict resolution;

(2) promote and advance the study of international peace and conflict resolution by educational, training, and research institutions, departments, and agencies;

(3) educate the Nation about and educate and train individuals in peace and conflict resolution theories, methods, techniques, programs, and systems;

(4) assist the Institute in its publication, clearinghouse, and other information services programs;

(5) assist the Institute in the study of conflict resolution between free trade unions and Communist-dominated organizations in the context of the global struggle for the protection of human rights; and

(6) promote the other purposes of this title.

(d) The Institute may respond to the request of a department or agency of the United States Government to investigate, examine, study, and report on any issue within the Institute's competence, including the study of past negotiating histories and the use of classified materials.

(e) The Institute may enter into contracts for the proper operation of the Institute.

(f) The Institute may fix the duties of its officers, employees, and agents, and establish such advisory committees, councils, or other bodies, as the efficient administration of the business and purposes of the Institute may require.

(g)(1) Except as provided in paragraphs (2) and (3), the Institute may obtain grants and contracts, including contracts for classified research for the Department of State, the Department of Defense, the Arms Control and Disarmament Agency, and the intelligence community, and receive gifts and contributions from government at all levels.

(2) The Institute may not accept any gift, contribution, or grant from, or enter into any contract with, a foreign government, any agency or instrumentality of such government, any international organization, or any foreign national, except that the Institute may accept the payment of tuition by foreign nationals for instruction provided by the Institute. For purposes of this paragraph, the term—

(A) "foreign national" means—

(i) a natural person who is a citizen of a foreign country or who owes permanent allegiance to a foreign country; and

(ii) a corporation or other legal entity in which natural persons who are nationals of a foreign country own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity; and

(B) "person" means a natural person, partnership, association, other unincorporated body, or corporation.

(3) Notwithstanding any other provision of this title, the Institute and the legal entity described in section 1704(c) may not obtain any grant or contract or receive any gift or contribution from any private agency, organization, corporation or other legal entity, institution, or individual.

(h) The Institute may charge and collect subscription fees and develop, for publication or other public communication, and disseminate, periodicals and other materials.

(i) The Institute may charge and collect fees and other participation costs from persons and institutions participating in the Institute's direct activities authorized in subsection (b).

(j) The Institute may sue and be sued, complain, and defend in any court of competent jurisdiction.

(k) The Institute may adopt, alter, use, and display a corporate seal, emblem, badge, and other mark of recognition and colorable simulations thereof.

(l) The Institute may do any and all lawful acts and things necessary or desirable to carry out the objectives and purposes of this title.

(m) The Institute shall not itself undertake to influence the passage or defeat of any legislation by the Congress of the United States or by any State or local legislative bodies, or by the United Nations, except that personnel of the Institute may testify or make other appropriate communication when formally requested to do so by a legislative body, a committee, or a member thereof.

(n) The Institute may obtain administrative support services from the Administrator of General Services on a reimbursable basis.

BOARD OF DIRECTORS

SEC. 1706. (a) The powers of the Institute shall be vested in a Board of Directors unless otherwise specified ~~in th~~is title.

(b) The Board shall consist of fifteen voting members as follows:

(1) The Secretary of State (or if the Secretary so designates, another officer of the Department of State who was appointed with the advice and consent of the Senate).

(2) The Secretary of Defense (or if the Secretary so designates, another officer of the Department of Defense who was appointed with the advice and consent of the Senate).

(3) The Director of the Arms Control and Disarmament Agency (or if the Director so designates, another officer of that Agency who was appointed with the advice and consent of the Senate).

(4) The president of the National Defense University (or if the president so designates, the vice president of the National Defense University).

(5) Eleven individuals appointed by the President, by and with the advice and consent of the Senate.

(c) Not more than eight voting members of the Board (including members described in paragraphs (1) through (4) of subsection (b)) may be members of the same political party.

(d)(1) Each individual appointed to the Board under subsection (b)(5) shall have appropriate practical or academic experience in peace and conflict resolution efforts of the United States.

(2) Officers and employees of the United States Government may not be appointed to the Board under subsection (b)(5).

(e)(1) Members of the Board appointed under subsection (b)(5) shall be appointed to four year terms, except that—

(A) the term of six of the members initially appointed shall be two years, as designated by the President at the time of their nomination;

(B) a member may continue to serve until his or her successor is appointed; and

(C) a member appointed to replace a member whose term has not expired shall be appointed to serve the remainder of that term.

(2) The terms of the members of the Board initially appointed under subsection (b)(5) shall begin on January 20, 1985, and subsequent terms shall begin upon the expiration of the preceding term, regardless of when a member is appointed to fill that term.

(3) The President may not nominate an individual for appointment to the Board under subsection (b)(5) prior to January 20, 1985,

but shall submit the names of eleven nominees for initial Board membership under subsection (b)(5) not later than ninety days after that date. If the Senate rejects such a nomination or if such a nomination is withdrawn, the President shall submit the name of a new nominee within fifteen days.

(4) An individual appointed as a member of the Board under subsection (b)(5) may not be appointed to more than two terms on the Board.

(f) A member of the Board appointed under subsection (b)(5) may be removed by the President—

(1) in consultation with the Board, for conviction of a felony, malfeasance in office, persistent neglect of duties, or inability to discharge duties;

(2) upon the recommendation of eight voting members of the Board; or

(3) upon the recommendation of a majority of the members of the Committee on Foreign Affairs and the Committee on Education and Labor of the House of Representatives and a majority of the members of the Committee on Foreign Relations and the Committee on Labor and Human Resources of the Senate.

A recommendation made in accordance with paragraph (2) may be made only pursuant to action taken at a meeting of the Board, which may be closed pursuant to the procedures of subsection (h)(3). Only members who are present may vote. A record of the vote shall be maintained. The President shall be informed immediately by the Board of the recommendation.

(g) No member of the Board may participate in any decision, action, or recommendation with respect to any matter which directly and financially benefits the member or pertains specifically to any public body or any private or nonprofit firm or organization with which the member is then formally associated or has been formally associated within a period of two years, except that this subsection shall not be construed to prohibit an ex officio member of the Board from participation in actions of the Board which pertain specifically to the public body of which that member is an officer.

(h) Meetings of the Board shall be conducted as follows:

(1) The President shall stipulate by name the nominee who shall be the first Chairman of the Board. The first Chairman shall serve for a term of three years. Thereafter, the Board shall elect a Chairman every three years from among the directors appointed by the President under subsection (b)(5) and may elect a Vice Chairman if so provided by the Institute's bylaws.

(2) The Board shall meet at least semiannually, at any time pursuant to the call of the Chairman or as requested in writing to the Chairman by at least five members of the Board. A majority of the members of the Board shall constitute a quorum for any Board meeting.

(3) All meetings of the Board shall be open to public observation and shall be preceded by reasonable public notice. Notice in the Federal Register shall be deemed to be reasonable public notice for purposes of the preceding sentence. In exceptional circumstances, the Board may close those portions of a meeting, upon a majority vote of its members present and with the vote

taken in public session, which are likely to disclose information likely to affect adversely any ongoing peace proceeding or activity or to disclose information or matters exempted from public disclosure pursuant to subsection (c) of section 552b of title 5, United States Code.

(i) A director appointed by the President under subsection (b)(5) shall be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code, for each day during which the director is engaged in the performance of duties as a member of the Board.

(j) While away from his home or regular place of business in the performance of duties for the Institute, a director shall be allowed travel expenses, including a per diem in lieu of subsistence, not to exceed the expenses allowed persons employed intermittently in Government service under section 5703(b) of title 5, United States Code.

OFFICERS AND EMPLOYEES

SEC. 1707. (a) The Board shall appoint the president of the Institute and such other officers as the Board determines to be necessary. The president of the Institute shall be a nonvoting ex officio member of the Board. All officers shall serve at the pleasure of the Board. The president shall be appointed for an explicit term of years. Notwithstanding any other provision of law limiting the payment of compensation, the president and other officers appointed by the Board shall be compensated at rates determined by the Board, but no greater than that payable for level I of the Executive Schedule under chapter 53 of title 5, United States Code.

(b) Subject to the provisions of section 1705(g)(3), the Board shall authorize the president and any other officials or employees it designates to receive and disburse public moneys, obtain and make grants, enter into contracts, establish and collect fees, and undertake all other activities necessary for the efficient and proper functioning of the Institute.

(c) The president, subject to Institute's bylaws and general policies established by the Board, may appoint, fix the compensation of, and remove such employees of the Institute as the president determines necessary to carry out the purposes of the Institute. In determining employee rates of compensation, the president shall be governed by the provisions of title 5, United States Code, relating to classification and General Schedule pay rates.

(d)(1) The president may request the assignment of any Federal officer or employee to the Institute by an appropriate department, agency, or congressional official or Member of Congress and may enter into an agreement for such assignment, if the affected officer or employee agrees to such assignment and such assignment causes no prejudice to the salary, benefits, status, or advancement within the department, agency, or congressional staff of such officer or employee.

(2) The Secretary of State, the Secretary of Defense, the Director of the Arms Control and Disarmament Agency, and the Director of Central Intelligence each may assign officers and employees of his

respective department or agency, on a rotating basis to be determined by the Board, to the Institute if the affected officer or employee agrees to such assignment and such assignment causes no prejudice to the salary, benefits, status, or advancement within the respective department or agency of such officer or employee.

(e) No officer or full-time employee of the Institute may receive any salary or other compensation for services from any source other than the Institute during the officer's or employee's period of employment by the Institute, except as authorized by the Board.

(f)(1) Officers and employees of the Institute shall not be considered officers and employees of the Federal Government except for purposes of the provisions of title 28, United States Code, which relate to Federal tort claims liability, and the provisions of title 5, United States Code, which relate to compensation and benefits, including the following provisions: chapter 51 (relating to classification); subchapters I and III of chapter 53 (relating to pay rates); subchapter I of chapter 81 (relating to compensation for work injuries); chapter 83 (relating to civil service retirement); chapter 87 (relating to life insurance); and chapter 89 (relating to health insurance). The Institute shall make contributions at the same rates applicable to agencies of the Federal Government under the provisions of title 5 referred to in this section.

(2) No Federal funds shall be used to pay for private fringe benefit programs. The Institute shall not make long-term commitments to employees that are inconsistent with rules and regulations applicable to Federal employees.

(g) No part of the financial resources, income, or assets of the Institute or of any legal entity created by the Institute shall inure to any agent, employee, officer, or director or be distributable to any such person during the life of the corporation or upon dissolution or final liquidation. Nothing in this section may be construed to prevent the payment of reasonable compensation for services or expenses to the directors, officers, employees, and agents of the Institute in amounts approved in accordance with the provisions of this title.

(h) The Institute shall not make loans to its directors, officers, employees, or agents, or to any legal entity created by the Institute. A director, officer, employee, or agent who votes for or assents to the making of a loan or who participates in the making of a loan shall be jointly and severally liable to the Institute for the amount of the loan until repayment thereof.

PROCEDURES AND RECORDS

SEC. 1708. (a) The Institute shall monitor and evaluate and provide for independent evaluation if necessary of programs supported in whole or in part under this title to ensure that the provisions of this title and the bylaws, rules, regulations, and guidelines promulgated pursuant to this title are adhered to.

(b) The Institute shall prescribe procedures to ensure that grants, contracts, and financial support under this title are not suspended unless the grantee, contractor, or person or entity receiving financial support has been given reasonable notice and opportunity to show cause why the action should not be taken.

(c) In selecting persons to participate in Institute activities, the Institute may consider a person's practical experience or equivalency in peace study and activity as well as other formal requirements.

(d) The Institute shall keep correct and complete books and records of account, including separate and distinct accounts of receipts and disbursements of Federal funds. The Institute's annual financial report shall identify the use of such funding and shall present a clear description of the full financial situation of the Institute.

(e) The Institute shall keep minutes of the proceedings of its Board and of any committees having authority under the Board.

(f) The Institute shall keep a record of the names and addresses of its Board members; copies of this title, of any other Acts relating to the Institute, and of all Institute bylaws, rules, regulations, and guidelines; required minutes of proceedings; a record of all applications and proposals and issued or received contracts and grants; and financial records of the Institute. All items required by this subsection may be inspected by any Board member or the member's agent or attorney for any proper purpose at any reasonable time.

(g) The accounts of the Institute shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States on or before December 31, 1970. The audit shall be conducted at the place or places where the accounts of the Institute are normally kept. All books, accounts, financial records, files, and other papers, things, and property belonging to or in use by the Institute and necessary to facilitate the audit shall be made available to the person or persons conducting the audit, and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

(h) The Institute shall provide a report of the audit to the President and to each House of Congress no later than six months following the close of the fiscal year for which the audit is made. The report shall set forth the scope of the audit and include such statements, together with the independent auditor's opinion of those statements, as are necessary to present fairly the Institute's assets and liabilities, surplus or deficit, with reasonable detail, including a statement of the Institute's income and expenses during the year, including a schedule of all contracts and grants requiring payments in excess of $5,000 and any payments of compensation, salaries, or fees at a rate in excess of $5,000 per year. The report shall be produced in sufficient copies for the public.

(i) The Institute and its directors, officers, employees, and agents shall be subject to the provisions of section 552 of title 5, United States Code (relating to freedom of information).

INDEPENDENCE AND LIMITATIONS

SEC. 1709. (a) Nothing in this title may be construed as limiting the authority of the Office of Management and Budget to review and submit comments on the Institute's budget request at the time it is transmitted to the Congress.

(b) No political test or political qualification may be used in selecting, appointing, promoting, or taking any other personnel action with respect to any officer, employee, agent, or recipient of Institute funds or services or in selecting or monitoring any grantee, contractor, person, or entity receiving financial assistance under this title.

FUNDING

SEC. 1710. (a) For the purpose of carrying out this title (except for paragraph (9) of section 1705(b)), there are authorized to be appropriated $6,000,000 for the fiscal year 1985 and $10,000,000 for the fiscal year 1986. Moneys appropriated for the fiscal year 1985 shall remain available to the Institute through the fiscal year 1986.

(b) The Board of Directors may transfer to the legal entity authorized to be established under section 1704(c) any funds not obligated or expended from appropriations to the Institute for a fiscal year, and such funds shall remain available for obligation or expenditure for the purposes of such legal entity without regard to fiscal year limitations. Any use by such legal entity of appropriated funds shall be reported to each House of the Congress and to the President of the United States.

(c) Any authority provided by this title to enter into contracts shall be effective for a fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

DISSOLUTION OR LIQUIDATION

SEC. 1711. Upon dissolution or final liquidation of the Institute or of any legal entity created pursuant to this title, all income and assets of the Institute or other legal entity shall revert to the United States Treasury.

REPORTING REQUIREMENT AND REQUIREMENT TO HOLD HEARINGS

SEC. 1712. Beginning two years after the date of enactment of this title, and at intervals of two years thereafter, the Chairman of the Board shall prepare and transmit to the Congress and the President a report detailing the progress the Institute has made in carrying out the purposes of this title during the preceding two-year period. The President shall prepare and transmit to the Congress within a reasonable time after the receipt of such report the written comments and recommendations of the appropriate agencies of the United States with respect to the contents of such report and their recommendations with respect to any legislation which may be required concerning the Institute. After receipt of such report by the Congress, the Committee on Foreign Affairs and the Committee on

Education and Labor of the House of Representatives and the Committee on Foreign Relations and the Committee on Labor and Human Resources of the Senate shall hold hearings to review the findings and recommendations of such report and the written comments received from the President.

Annex B

ADMINISTRATION BUDGET PROPOSAL

UNITED STATES INSTITUTE OF PEACE

Federal Funds

General and special funds:

United States Institute of Peace

For necessary expenses of the United States Institute of Peace as authorized in the United States Institute of Peace Act, $1,250,000.

Program and Financing (in thousands of dollars)

Identification code 95-1300-0-1-153		1985 actual	1986 est.	1987 est.
	Program by activities:			
10.00	Total obligations	....	4,000	1,250
	Financing:			
21.40	Unobligated balance available, start of year	....	−4,000	....
24.40	Unobligated balance available, end of year	4,000	....	....
40.00	**Budget authority (appropriation)**	**4,000**	....	**1,250**
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	....	4,000	1,250
90.00	Outlays	....	4,000	1,250

Object Classification (in thousands of dollars)

Identification code 95-1300-0-1-153		1985 actual	1986 est.	1987 est.
	Personnel compensation:			
11.1	Full-time permanent	....	160	315
11.3	Other than full-time permanent	....	15	22
11.9	Total personnel compensation	....	175	337
21.0	Travel and transportation of persons	....	25	35
23.1	Standard level user charges	....	35	35
23.2	Rental payments to others	....	5	8

Object Classification (in thousands of dollars)

Identification code 95-1300-0-1-153		1985 actual	1986 est.	1987 est.
23.3	Communications, utilities, and miscellaneous charges	....	30	40
24.0	Printing and reproduction	....	8	12
25.0	Other services	....	35	60
26.0	Supplies and materials	....	35	75
31.0	Equipment	....	50	75
41.0	Grants, subsidies and contributions	....	3,602	573
99.9	Total obligations	....	4,000	1,250

Personnel Summary

	1985 actual	1986 est.	1987 est.
Total number of full-time permanent positions	....	9	9
Total compensable workyears: Full-time equivalent employment	....	6	9

The United States Institute of Peace was established by Congress to conduct and support research and scholarship in the fields of peace, arms control, and conflict resolution.

BOARD OF DIRECTORS' EX OFFICIO MEMBERS

Senator WEICKER. Thank you very much. Thank very much, John.

Senator Proxmire?

Senator PROXMIRE. Mr. Moore, I am very impressed by your presentation and by your obvious sincerity and concern about the functioning of the agency. As you may or may not know, last March I made a statement on the floor of the Senate in which I criticized the Institute of Peace because it lacked people who had much of a record in promoting peace. Particularly I referred to Richard Perle, who is a very able man and a man I respect, but if ever there were a hawk in any administration, it is Richard Perle. He is the essence of it.

I understand Mr. Perle is assigned as a representative of the Defense Department. Is that correct?

Mr. MOORE. Yes; the bill itself establishes four ex officio members by law: the Secretary of State, the Secretary of Defense, the president of the National Defense University, and the Director of the Arms Control and Disarmament Agency, or their appointees. The Secretary of Defense has appointed Richard Perle to serve as his representative.

CHAIRMAN OF THE BOARD

Senator PROXMIRE. If the Secretary of Defense nominates Mr. Perle, that is it. But I think most people would be surprised and shocked to learn that Richard Perle was the Defense Department's appointee. You can't do much about Mr. Adelman, who I protested very vigorously—so did many other Members of the Congress—when he was appointed head of the U.S. Arms Control and Disarmament Agency.

The policy of these men has been to oppose arms control and arms control negotiations, the usual approach to peace. I was a bit shocked by those two, and while you have a very competent record and one that I think everybody would respect, neither you nor Mr. Turner have anything so far as I can see here which indicates any strong commitment to work for a peaceful world via arms control. I'm very interested in your response.

Mr. MOORE. I would be happy to respond to that, Senator, because I must say, it is deeply troubling for me to hear that. Let me first just speak for other members of the Board. I have been very impressed in my dealings with all of the members of the Board at this point, including those that you have named. All of them I have had an opportunity repeatedly to sit down and to talk with about the goals of the Institute, and I have been very pleased at the very strong support that every single member of the Board, of this current Board, has given for the U.S. Institute of Peace.

The members of the Board have, in their conversations with me, been very clear about that. Now, let me just come back to myself. I suppose this is something that every individual has to speak for themselves on. So it is a little easier for me to speak for myself. I have fought consistently throughout my professional life for a number of principles that I deeply believe in.

One of the most important of those is the nonuse-of-force principle under the U.N. charter. I believe we should make it absolutely impermissable to engage in the aggressive use of force in international life and that there is, along with that, a right of effective defense. I believe in international negotiation and cooperation.

I served as a U.S. ambassador to the Third United Nations Conference on the Law of the Sea. I spent 4 years of my life, or 3½ years of my life, dedicated to a negotiation to conclude, among nations, a new law of the sea treaty. I am happy to say that, though that treaty didn't finally come into effect, we were able to negotiate a series of provisions that will be, in my judgment, customary international law and have done a great deal for the world.

I am delighted to say that as the head of the Conflict Analysis Center I have very strongly supported the cause of U.S. ratification of the Genocide Convention. I have also done this as chairman of the American Bar Association [ABA] Standing Committee on Law and National Security, and prior to that, as the vice chairman of the ABA section of international law.

I was the first person to testify on behalf of the American Bar Association in support of the Genocide Convention, and I did so consistently for the American Bar Association over the years subsequent to that.

I could go on, but let me just say that I realize that all of these are areas in which there are divisions, as one looks at personnel. I would just ask, Senator, that on this, we would like very much to work with you and the Members of the Senate, and I hope that we will be judged by the action of this Board, because the Institute is something that I deeply believe in and which I believe can make a real contribution.

CONSULTATION WITH PRINCIPAL SPONSORS

Senator PROXMIRE. Were Senators Hatfield and Matsunaga principal sponsors?

Mr. MOORE. They were two of the very principal sponsors.

Senator PROXMIRE. Have you had a chance to talk with Senator Hatfield about some of the appointments to the Board?

Mr. MOORE. Yes; I have had several meetings with the Senator, and I have also had a meeting with—I'm sorry, I have not had a meeting with Senator Hatfield at this point. I have met with Senator Stafford. I have met with Senator Matsunaga, but I have not yet had an opportunity to meet with Senator Hatfield, at least for any detailed discussion.

PRESIDENT OF THE INSTITUTE

Senator PROXMIRE. He has an excellent reputation throughout the country as perhaps the foremost advocate of vigorous action to solve our problems peacefully. I would hope, in view of his prominence in establishing this law, that you would try to work with him and get some recommendations from people of his persuasion.

I am shocked; I am sure other people may be shocked, too, that Perle and Adelman are among the people who are your representatives. Then I would like to ask you, Mr. Turner. You have a fine war record, as you know, which qualifies you for this job. If anything, I think it tends to disqualify you.

I think at the same time, you were research associate at the Hoover Institute?

Mr. TURNER. Yes, sir.

Senator PROXMIRE. On war, revolution, and peace. That is, again, a highly competent institution that doesn't have a reputation as being a real peace organization, however. At least that is not what I have heard. Am I mistaken?

Mr. TURNER. I think the Hoover Institution has a diversity of people. In response to your first comment, I was in Vietnam five times, starting off as a journalist, followed by a couple of assignments in the military, ending up as the last congressional staffer to come out during the evacuation in 1975.

Seeing war first-hand made me a strong believer in peace.

Senator PROXMIRE. I don't criticize that at all.

Mr. TURNER. Like Professor Moore, I think we learned from the World War II experience that war is too horrible to be an effective means or a permissible means of effecting policy. The U.N. charter prohibits the use of war. One thing I have spent a lot of my life working on, as has Professor Moore, is situations in recent years in which article 2(4) of the charter has been violated.

When I was at Hoover, I spent a lot of time looking at the Vietnam war, how it came about and what caused it. In more recent years, I have done some work on Central America. I have also written about the war powers resolution. When I was at the University of Virginia, I did an article for the Virginia Journal of International Law arguing that the United States was obligated under international law not to defeat the object or purpose of the SALT II treaty, once it signed it, until it made an announcement of a decision to walk away from the treaty. It is a simple matter of international law.

As John mentioned, I worked very actively on the Genocide Convention. In fact, my role on that was, when the President said he wanted the convention ratified, my role as a member of the Congressional Relations Office was to try to get it approved. It was something I believed in strongly, I worked for strongly, and in the process, I alienated some of the people who opposed you on that issue.

As far as Hoover is concerned, Hoover is called a conservative think tank or something like that. Certainly Hoover has a higher percentage of conservatives than most other think tanks. But it is not at all a monolithic group. It seems to me that most Americans are and ought to be for peace.

The question is: How do you best promote peace? How do you promote peace? Obviously the first thing you do is make sure your own country doesn't use force impermissibly and aggressively, in violation of article 2(4). After that, obviously, you want to use nonviolent means where possible to stop other countries from using force.

At some point down the line, the U.N. charter is premised upon the idea of collective defensive action to prevent the use of force from succeeding. That is something I believe in, also, as recognized in article 51 of the U.N. charter.

The issue of peace is one on which I have focused an awful lot of my effort over the years, and one that I strongly believe in.

Senator PROXMIRE. Let me ask a few more questions very quickly. One question is that you have written several books, I see.

Mr. TURNER. Yes, sir.

Senator PROXMIRE. Any books related to peace in any way?

Mr. TURNER. Most of the things I have written have been related to peace in one way or another. I did a 500 some odd page history of the Communist movement in Vietnam geared toward the use of force, both in the French Indochina War and in the Vietnam war against us. I have a forthcoming new study looking at the situation in Central America now that focuses particularly upon the cause of the conflict. I have done some other work on the war powers resolution.

An area of special interest of mine has been the relationship between Congress and the President on the use of force. This is a separate issue, but a very important one. I am a strong believer in increased executive-legislative consultation. I am a strong believer that there are prerogatives of the President and responsibilities of the Congress. It is not at present a very good relationship, and it has not been so in many years. It is a very complex thing to try to summarize in one or two sentences. I think all of these things have to do with the use of force and maintaining peace.

WOMEN AND MINORITY BOARD MEMBERSHIP

Senator PROXMIRE. One final question. Do you have any women or any blacks on your Board?

Mr. MOORE. The Board is not completely appointed yet. The answer is, at the present time, we do not. In terms of the current composition of the Board, no, but there is one member of the Board that has not yet been announced by the White House. I can tell you that the importance of looking at the extraordinarily large and well qualified pool of women candidates for that is something that the White House is very aware of and that I personally have recommended.

Senator PROXMIRE. I hope you would touch base with both Chairman Hatfield and with Senator Matsunaga. They are both deeply interested in this, concerned with it, and I think they could be very helpful to you. Thank you, Mr. Chairman.

Mr. MOORE. I appreciate that very much. I will very definitely get together with the Senator. He did come to our first session, I am delighted to say, and give us some of his views in meeting with the Board at its first meeting. So when I say I haven't had a chance to meet with him, it is to meet with him privately and personally at this point.

An important tradition, one that the Institute of Peace provides, is that the President of the United States appoints a board and that they are confirmed by the Senate. It seems to me it is very clear that any President of the United States, from whatever party, be they Republican or Democrat, is going to appoint a board in which he has confidence. That will be a board, as in every other area, whether it is the State Department or the Defense Department or every other area, in which there will be differences.

All I can tell you is it seems to me that that is a wise provision in the bill—that the members are appointed by the President with the advice and consent of the Senate—and I would hope very much that the country will pull together.

I feel very strongly on this, that we will not get into a sense of the different politics on this and that we will be judged by the product that will emerge from the U.S. Institute of Peace. I will do my best, as Chairman, and I can certainly tell you it is my commitment to ensure that what emerges is a very broad gaged and productive product.

Senator Weicker. To follow through on the question that Senator Proxmire asked, your budget provides for 15 and 9 positions have been filled. Those positions are all white male; is that correct?

Mr. Turner. Thirteen have been filled, if you include the ex officio members. And another individual has been nominated. He is like the others a white male.

Senator Weicker. Another position is white male, and that leaves one position open. That is preposterous. I am the first one to admit. I think we all know, by virtue of history, probably no one in terms of sex, involves themselves more in the cause of peace than women do, for whatever reasons. We are the guys that run around and screw things up.

Mr. Moore. I agree with that, Senator. I think that is wrong.

Senator Weicker. I agree with you. It is wrong. One slot; I want to know who the token is going to be. I don't think that is right. How long do these directors serve?

Mr. Moore. The terms are staggered terms. One-half the Board serves for 2 years, and one-half the Board serves for 4 years.

Mr. Turner. One year has already expired.

Mr. Moore. In the real world, since we have gone approximately 1 year in getting the Board started, about one-half the Board is 1 year, roughly, now and about one-half the Board is 3 years.

Senator Weicker. If you take the statistics, also, you will find the greatest percentage of those killed in our most recent conflicts have been blacks and Hispanics. Do you want to bet on that one? I bet they have the greatest percentage, I don't think there is any question about it, in our latest conflicts. I don't think that is right. I really don't think that is right.

Senator Harkin?

Senator Harkin. Thank you. Mr. Chairman. I just also want to add to what the chairman and what Senator Proxmire said. I think it is abysmal that 9 of the 11 appointees are white males and another one is being appointed that is the same thing. If anything, it reflects the attitude of the person who selected these nominees that he does not view it as really a serious undertaking and that he doesn't want to get a broad input in the Institute's Board. I think it is really abysmal.

Have all of these people have been approved by the Senate, these nine?

Mr. MOORE. Yes; the nine have been confirmed by the Senate. There is one whose name is before the Senate, and there is one who has not yet been named by the White House.

BUDGET

Senator HARKIN. I think that is a problem about the composition. Let me address another point. In fiscal year 1985, we appropriated $4 million?

Mr. MOORE. Correct.

Senator HARKIN. For fiscal year 1986, zero?

Mr. MOORE. The $4 million carries over.

Senator HARKIN. I understand. For fiscal year 1987 there is a $1.5 million appropriation.

Mr. MOORE. That would be an Office of Management and Budget request that assumes a carryover of at least $2 million, as well.

Senator HARKIN. From the original $4 million?

Mr. MOORE. That is right. I want to make very clear that that recommendation is not one that is endorsed by this Board. That was determined by the Office of Management and Budget prior to the swearing in of this Board, and we in no way participated in that recommendation.

RESEARCH PLANNING

Senator HARKIN. What projects would the Institute be able to undertake in fiscal year 1987 and 1988 with the necessary funds? That is, what projects do you think you would be able to undertake if you get $1.25 million plus the $2 million carryover? What other projects might you be able to undertake if, in fact, you adopt the Matsunaga amendments, to provide $6 million?

Mr. MOORE. There are basically three broad areas for which we have a mandate. One of those areas is to encourage very solid, very good research.

The second of those areas is to engage in preparation of educational materials and to try to enhance the level of educational material input.

The third of those is to serve as a kind of information sharing agency among those interested in international relations, peace processes, negotiation theory, and other parts of a far broader mosaic.

I cannot, at this point, tell you or point to any specific kind of proposals, because we have simply not opened up the process at this point, after 8 weeks. We are developing our guidelines, for example, for those proposals, which we will shortly have. Until we go out and get a broad sense of the kinds of proposals that come in, I can't give you the specifics of that.

I can tell you that we are very impressed as a Board with the magnitude of the task, with the range of extraordinarily interesting kinds of things that lie before us, and I can tell you some specifics of things we are looking at. For example, one of the things we believe we need to start is a survey and a comparative assessment of, in essence, the entire field. Where is the research being done in peace studies and conflict management issues in the world, not just in the United States?

What are the institutions? What are the pieces of that that are being done, and along with that, to develop a kind of intellectual map. What are the many different kinds of strands in human thought that try to get seriously at this No. 1 human problem that we all have of controlling war and international relations, whether it is arms control; whether it is international law; whether it is law of war issues; whether it is strengthening international institutions; whether it is balance of power theory?

What is a kind of intellectual map of all the areas of human thought here and where we really ought to be able to make a contribution?

How do we assess what the gaps are in that intellectual map, in order to really try to encourage enhanced research in the areas where it might be most productive?

I can tell you just some specifics, as well, that the research committee has been discussing at its first meeting, taking this, again, as a very tentative range of some of their interests, because this is simply one meeting of the Board. They are very interested in the mediation of political change. That is, looking at settings, the recent successful change that took place in the Philippines and Haiti. Although much has yet to take place in those societies, I think we were all very gratified at the move in the direction, at least, of democracy in those two countries, and just in general, an issue of mediation of political change might be interesting. Allen Weinstein is a Board member and has been particularly interested in that.

We are very interested in the whole question of summit meetings and what can be expected of summit meetings. How does one enhance summit meetings, particularly East-West summit meetings? We are looking at the whole question of negotiation between East and West.

How does one go about negotiation? What is the agenda for negotiation? Is it optimally simply an arms control agenda, or is it a far broader agenda of negotiation between East and West? We are interested in a more generic sense in negotiations between democratic and nondemocratic systems to see if there are any principles there that might be developed.

We are looking at questions of trying to develop a study that would put together the knowledge that we have from past successes and failures that might, for example, in the Falklands War, bring together those who sought to avoid the conflict in order to negotiate a peaceful resolution of the issue and simply to talk to them, to put on the record what is it that worked and what is it that didn't work in this overall setting.

Those are just a few of the kinds of things that we are interested in. That doesn't even go on the educational side, but it is really just focused a little bit on the research side.

VALUE OF EXCHANGE PROGRAMS TO INTERNATIONAL PEACE

Senator HARKIN. As a crossover between research and education, the value of exchange programs, people-to-people programs, the kinds of things that build relationships might be examined.

Mr. MOORE. That is certainly within the purview of the mandate of the Institute, right.

Senator HARKIN. I would hope you will take a strong look at that issue, both from an East-West standpoint and a North-South standpoint. It is amazing how a few people on the interchange program can influence a broader area because of people they meet, and the message they transmit that is different from what the official organ of the Nation might not want to put out.

Mr. MOORE. Right.

GUIDELINES OF GRANTS

Senator HARKIN. I hope you really look at the people-to-people aspect of this and how we might set up frameworks for these kinds of exchanges, money, procedures, processes, things like that. You are planning to grant awards for education?

Have you started setting up guidelines for these educational awards? Do you have them already?

Mr. MOORE. Yes; we are definitely looking at the whole question of guidelines at the present time, and these are guidelines simply in terms of law. These are not setting some kind of ideological criteria or anything of that kind.

What we are likely to do is, as a Board, to recommend a series of areas where we believe there are gaps in the field where we would particularly like to encourage research, but then also to encourage proposals on any particular subject so that we are not limiting it to any of those that may be upon our list of things we would like to encourage. Those would be grants or contracts, things of that sort.

There is provision in the legislation I would like to separate for actual awards, and that requires a recommendation in which we go back to Congress and Congress authorizes an award. We haven't gotten to that stage at this point.

LOCATION OF INSTITUTE OFFICES AND CENTERS

Senator HARKIN [presiding]. As you know, the legislative intent of the institution, section 1702(b), is to establish an independent, nonprofit, national institute to serve the people and the Government to the widest possible range of educational training in basic and applied research opportunities in the peace information services.

That is the end of the quote from section 1702. Along these lines, many people in my home State of Iowa, including former Governor Ray, have taken an interest in the Institute. What sort of plans, if any, do you have for future regional centers for the Peace Institute?

Mr. MOORE. This is something that, in our planning stage, we have not gotten to really discuss in a very detailed sense. We have assigned that issue, along with many others, to a committee of the Board that will be engaged in institutional planning.

In our preliminary discussion, I think the reaction is that, clearly, we need a Washington center; that that underlies the congressional intent of the act and runs all through it.

In addition to that, at some time in the future, we may wish to——

A WASHINGTON BASE

Senator HARKIN. May I interrupt right here? That almost went right by me. You said the intent of the act is to establish a Washington-based center?

Mr. MOORE. The act itself specifically avoids saying that anything is to be in Washington or anywhere else.

Senator HARKIN. That is right.

Mr. MOORE. The legislative history, in which there is a great deal of discussion behind it, seems to point to at least a portion of the Institute being located in the Washington, DC, area, and apparently what happened is earlier there was to be some earmarking and that got pulled out of the bill, so that the bill itself, the language is absolutely silent.

So I certainly would not wish to give the impression that we are mandated by law, as we interpret it, to be located in Washington as opposed to somewhere else.

But it does seem to us, and I might add from a policy standpoint, as well, this was a sense that the Board felt that certainly, initially, and probably through time, we would want at least a Washington base. Now, there is a separate issue, and that is really the long-range planning issue looking down the road 5 years, 10 years in the future.

Is it a useful thing to be establishing regional centers, for example, of the Institute of Peace or a regional center or a central research facility somewhere else? I personally favor that kind of thing for the future. But so far, the Board has not taken a stand on it, and I can't speak for the Board.

Mr. TURNER. Senator, if I could add, to clarify on the background of this, originally, of course, as you know, the bill was to set up a peace academy and not a Peace Institute. It was going to have a large amount of brick and mortar money in it.

There was a lot of legislative history over several years, talking about having that in the Washington area. There were some policy considerations underlying that, explained in terms of having the Institute available to policymakers for consultation, available to the American people as a national institute, and so forth. That language was struck during the Senate conference with the House over the Defense authorization bill in 1984.

We have received a number of very attractive and heartwarming requests and invitations from communities around the country—offering us, in some cases, buildings—inviting us to locate in their area. The Board discussed it at their last meeting, and I think the consensus was that initially, we should get started in the Washington, DC, area. The option of, in the long run, setting up regional centers of some sort—a number of things were mentioned, even the idea of having some sort of a conference center somewhere, or something like that—was left open.

Certainly, it was not resolved. But the consensus was that, when we were in our formative stage and we have got one major area, that probably ought to be downtown Washington, DC. There are some things in our statute that suggest that policy is consistent with the will of Congress.

For example, our endowment is to be set up under the laws of the District of Columbia, under the corporate laws. That would require us to at least have a place to receive service of process in Washington. There are some other things like that that at least suggest perhaps a congressional intent that we at least have one operation here. Washington is convenient if we are going to be able to be consulted by the State Department, the Arms Control and Disarmament Agency, and so forth, of our Government. Also, we have four Board members who are Government representatives. If they have to fly off to San Francisco every time there is a Board meeting, we are not likely to have very active participation by them.

So there are a number of reasons for remaining here. We have also talked about perhaps having regional hearings at some point, going out to different parts of the country to listen to people in those areas talk about peace and things we ought to do in that area. No decision has been made. But we certainly like the idea of not doing all of our work here, and of bringing in the Nation.

Mr. MOORE. Let me just add to what Bob has said that our reading is not only of the legislation, but I think if there were nothing there at all, it would be a clear board sense that our initial operation should be here in Washington. None of that, however, is in any way reflective on any judgment of the Board as to the potential of adding regional centers or regional operations at some appropriate time in the future.

Senator HARKIN. I heard you say that, personally, you were in favor?

Mr. MOORE. I am, that is correct. Incidentally, I might add that the first speech that I will be giving as a Chairman of the Board of the U.S. Institute of Peace will be at the upcoming conference in Iowa.

Senator HARKIN. May 29.

Mr. MOORE. That is correct.

Senator HARKIN. Here is something that was just in the paper the other day from the University of Iowa about the May 29 event. I will pass it across to you so you may take a look at it.

Mr. MOORE. Thank you.

CHAIRMAN AND PRESIDENT OF THE INSTITUTE

Senator HARKIN. I don't have anything else except to wish you well. Again, I want to make sure I get everybody's name in the future.

Mr. TURNER. Bob Turner and John Norton Moore.

Senator HARKIN. Bob Turner is the President. You are employed some place privately?

Mr. TURNER. No, sir; I am employed full time. I am an interim president. I have agreed to serve up to 1 year, not renewable, to give the Board a chance to quickly begin the work of the Institute. I will serve 1 year, or 6 months, or whatever time they need not to exceed 1 year, so that, after a careful search, they can find a person to take this job.

Senator HARKIN. Is the President going to be a paid positiun?

Mr. MOORE. It is a full-time, paid position, the senior such position at the Institute.

The Chairman of the Board of Directors and the Board of Directors that are appointed by the President and confirmed by the Senate are part time. I can continue my job at the University of Virginia. The President is hired by the Board and works for the Board and reports to it. He is full time, and Bob Turner is the first President. He has kindly consented to serve on a 1-year basis, as we conduct an exhaustive search for a successor President.

Senator HARKIN. I see. So you will be on just 1 year?

Mr. TURNER. Yes, sir.

Senator HARKIN. Did you say you had written something on Central America?

Mr. TURNER. I don't have anything that has been published on Central America. Let me think for a moment on that. I don't have anything that is published yet, I don't think. Let me refresh my memory—perhaps there is a short speech.

I have written on Central America. I have a monograph that I think will be published soon on Central America. I would be happy to provide you a copy of it.

Senator HARKIN. I would like to see that. I have a deep, long-term interest in Central America.

Mr. TURNER. I know you have, sir.

Senator HARKIN. I would like to see any new angles on the region. Your name did not click with me as someone I had read before. If you have a new angle or an old angle, I would like to see it. [Laughter.]

SUBCOMMITTEE RECESS

If there is nothing further, the subcommittee will stand in recess until 10 a.m. tomorrow morning when we will meet again in Dirksen 116 to receive testimony from public witnesses. Thank you.

Mr. MOORE. Thank you. It has been a pleasure to come.

[Whereupon, at 11:45 a.m., Wednesday, April 23, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, April 24.]

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